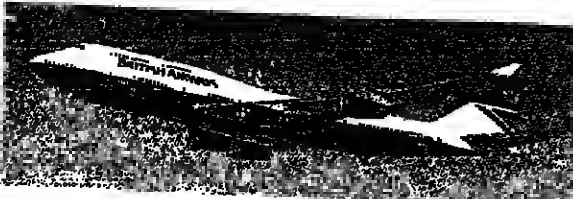


revival
Coker



High noon at BA
Paying for the
damage

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Samuel Brittan
New light on Black
Wednesday

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Germany
Biting the bullet on
a solidarity pact

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Worldwide farmers lobby
How it manipulates
the media

Page 6



FINANCIAL TIMES

Europe's Business Newspaper

THURSDAY JANUARY 21 1993

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Bosnian Serbs approve Geneva peace proposal

Bosnia's Serbs approved the first stage of an international peace plan, accepted by their leader, Dr Radovan Karadzic, in Geneva last week. The self-styled Bosnian Serb parliament voted in favour of the constitutional principles for a future state of Bosnia-Herzegovina, though it was clear that privately most deputies were still deeply opposed. Page 12; Cautious on military option, Page 6

Spain to sell off 25% of banks The Spanish government plans to raise Ptas150bn (\$1.3bn) by selling a 25 per cent stake in Argentaria, state-owned banking group, the highest-ever share placement by a Spanish institution. Page 13

Greeks outraged at Danish speech Greek MEPs described as a "moral and ethical disgrace" remarks by Uffe Ellemann-Jensen, the outgoing Danish foreign minister, calling on Athens to stop blocking EC efforts to recognise Macedonia, the former Yugoslav republic. Page 12

Germany to legislate on insider dealing Germany is expected to make insider dealing a criminal offence by the end of 1993 and introduce a centralised supervisory body to regulate the securities industry. Page 12

AMR, parent company of American Airlines, reported a \$145m operating loss in the final quarter of 1992, bringing AMR's net loss for the year to \$935m. Page 13

Japanese wins bitter fight to lead WHO

Dr Hiroshi Nakajima of Japan won his battle for re-election as director-general of the World Health Organisation in a bitterly contested campaign which pitted Japan against the US. The election was fought amid complaints of vote-buying, with the US accusing Japan of going beyond the limits of persuasive diplomacy. Dr Nakajima's previous five-year term saw a decline in staff morale, and donor discontent over the impact on WHO programmes.

Russia launches crisis packages Russia adopted a programme of financial stabilisation and tight monetary policies after estimates that inflation is running at 10 per cent a week. Page 2

Lyonnaise des Eaux Dumex Shares in the French water and building group tumbled and were then suspended after an announcement that 1992 profits would not exceed FF400m (\$74m), a third of the earlier forecast. Shares are expected to resume trading today. Page 13

Japanese bankruptcies soar Corporate bankruptcies rose by 32.1 per cent last year, the fastest rate in Japanese history, according to a private research group. Page 4

Air France, French state carrier, announced a consolidated loss of FF3.2bn (\$597m) for last year against FF655m in 1991, but said it expected to halve the loss this year. Page 14

Denmark lays EC plans Denmark set out ambitious plans for its six-month presidency of the European Community which include opening negotiations on EC enlargement with Austria, Sweden and Finland, and tougher environmental policy. Page 2

Blitz on Gatt talks Sir Leon Brittan, European trade commissioner, plans a series of top-level meetings next week, including with the new US administration, aimed at achieving a rapid end to the Uruguay Round of world trade talks. Page 5

Bols/Wessanen merger talks Bols, Dutch spirits and beverages group, and Wessanen, big Dutch food group, are considering a full merger by means of a share swap to create a group with sales of Fl 5bn (\$2.7bn). Page 14

Unisys, US computer and defence manufacturer, produced annual net profits of \$361.2m last year, against a net loss of \$1.4bn in 1991. Page 15

Angolan oil town seized Unita rebels appear to have scored a notable victory against Angolan government troops with the capture of the oil town of Soyo, which accounts for a third of Angola's production. Page 4

Chernobyl repairs needed Ukraine's Chernobyl nuclear power plant is in urgent need of costly repairs to reduce fire hazard, according to EC safety inspectors, who said it was irresponsible to keep the plant operating.

| STOCK MARKET INDICES | | | |
|-------------------------|-----------|-----------|--|
| FT-SE 100 | 2,748.7 | (+11.1) | |
| Yield | 4.46 | | |
| FT-SE Eurotrack 100 | 1,091.84 | (+1.03) | |
| FT-A All-Share | 1,334.58 | (+0.36) | |
| Nikkei | 16,518.18 | (+288.45) | |
| New York: S&P 500 | 2,258.78 | (+3.78) | |
| Dow Jones Ind Ave | 4,351.75 | (+6.82) | |
| US LUNCHTIME RATES | | | |
| 3-mo Treasury Bill | 3.00% | | |
| Long Bond | 103.23 | | |
| Yield | 7.38% | | |
| LONDON MONEY | | | |
| 3-mo Interbank | 7.75% | (7.75%) | |
| Little long gill future | Mar 93 | (Same) | |
| NORTH SEA OIL (Argus) | | | |
| Brent 15-day March | \$17.75 | (17.25) | |
| Gold | | | |
| New York Comex Jan | \$329.9 | (328.5) | |
| London | \$329.55 | (329.95) | |

| | | | | | | | |
|----------|----------|-----------|----------|-------------|---------|-----------|----------|
| Austria | Sch30 | Greece | Dr100 | Lux | Lfr60 | Qatar | QR12.00 |
| Bahrain | Dh120 | Hungary | Hfor | Malta | Mal100 | Singapore | S\$4.10 |
| Belgium | Bfr60 | Ireland | Ir100 | Mexico | Mdx13 | Spain | Ptas200 |
| Bulgaria | Lev20.00 | India | Ru40 | Neth | Fl 3.75 | Sweden | Skr15 |
| Cyprus | Ct100 | Indonesia | Rp3000 | Nigeria | Nkr100 | Switz | Sfr4.30 |
| Czech | Kcs35 | Israel | Shs3.20 | Norway | Nkr100 | Syria | S\$20.00 |
| Denmark | Dkr115 | Italy | Lira100 | Oman | OR1.50 | Thailand | Bht50 |
| Egypt | Eg1.50 | Jordan | Jd1.50 | Pakistan | Pkr100 | Turkey | Dm1.250 |
| Finland | Fm12 | Korea | Won200 | Philippines | Pph100 | Ukraine | UAH1.000 |
| France | Ffr65.50 | Kuwait | Kd100 | Poland | Plz100 | Turkey | Dm1.250 |
| Germany | Dm30 | Lebanon | US\$1.25 | Portugal | Pt100 | UAE | Dh11.00 |

BA board meets to discuss findings of inquiry

By Paul Betts
and Michael Cassell

THE British Airways board will meet this morning to discuss the conclusions of an internal inquiry into its "dirty tricks" campaign against Virgin Atlantic and to consider urgent steps to restore the company's battered image.

Some BA directors met last night to prepare for today's special, full board meeting which is being seen as critical in BA's effort to prevent the affair from escalating any further.

It also emerged yesterday that the European Commission is understood to be interested in examining if BA abused its dominant market position.

The Commission confirmed yesterday that it had received a complaint from Virgin about alleged abuse of BA's dominant position in the allocation of take-off and landing "slots" at London's Heathrow airport.

Despite mounting criticism of BA's discredited campaign and its subsequent handling of the affair, the airline does not appear poised to make sweeping changes

in its top level management.

Big investors and employees are demanding that the company take action. But calls for the resignation of either Lord King, the airline's chairman, or Sir Colin Marshall, BA's chief executive, have been dismissed by board members.

Sir Michael Angus, a non-executive deputy chairman of BA and president of the Confederation of British Industry, said last night: "Nobody is seeking the resignation of either Lord King or of Sir Colin".

Although Sir Michael has been

tipped as a possible interim chairman when Lord King steps aside in the summer, he said he had not been asked to take on the role.

The question of splitting the responsibilities of chairman and chief executive - both of which have been expected to go to Sir Colin - is not believed to be regarded as an urgent issue.

The board will, however, be giving attention to an 80-page report into the airline's efforts to undermine Virgin by Linklaters & Paines, BA's solicitors.

The document is understood to

lead weight to the airline's repeated claims that the covert campaign was confined to a limited number of employees and did not reach the highest levels.

The report, however, damns aspects of the airline's anti-Virgin operations and some directors appear to accept that those responsible should be dismissed.

Legal, public relations and marketing personnel are thought to be most at risk.

It is also likely, as part of its damage-limitation exercise, that the board will consider establishing a compliance committee to

enforce a code of conduct within the company to ensure BA does not become embroiled in such a highly damaging affair again.

BA is maintaining a high-level dialogue with Mr Richard Branson, the head of Virgin, in an attempt to prevent further legal action against it.

Virgin's head has maintained his threat to sue BA in the US on anti-trust grounds, a move which could undermine its efforts to take a stake in USAir, the sixth-largest US carrier.

BA still in the mud, Page 13



Bill Clinton takes the oath as 42nd president of the United States from Chief Justice William Rehnquist at his inauguration on Capitol Hill yesterday, as wife Hillary looks on

Clinton pledges US renewal

By Jurek Martin in Washington

PRESIDENT William Jefferson Clinton yesterday summoned his country to join him in "a new season of American renewal".

Sworn in as 42nd president at noon on a brilliant sunny day before tens of thousands of the highest and lowest of his fellow citizens, the 46-year-old former governor of Arkansas promised in a 14-minute inaugural address "that the era of deadlock and drift is over".

"There is, he proclaimed, "nothing wrong with America that cannot be cured by what is right with America." But "it will not be easy, it will require sacrifice," he said, echoing themes so frequently invoked in his long run for the presidency.

He admonished Washington ("this beautiful capital") for being consumed by "who is in

and who is out, who is up, and who is down." Americans "deserve better and in this city there are people who want to do better. Let us resolve to reform our politics so that power and privilege no longer shout down the voices of the people."

It was an address aimed at his domestic audience, as is customary, but he pledged to meet all external challenges because "there is no clear division today between what is foreign and what is domestic - the world economy, the world environment, the world AIDS crisis, the world arms race affect us all."

He said that "together with our friends and allies, we will work in shape change, lest it engulf us all." But "when our vital interests are challenged or the will and conscience of the international community defied, we will act - with peaceful

diplomacy when possible, with force when necessary."

As is also traditional, the new president thanked his predecessor, "for his half century of service to America." Mr George Bush, who had met the Clinton in the White House and escorted them to the Capitol, rose and acknowledged the applause, which broke out several times in the middle of the address when Mr Clinton seemed to hit a rhythmic stride as he spoke of his "new season of renewal".

If the speech lacked memorable lines, its message was clear. It was also brief - as is not always Mr Clinton's wont. His aides said only George Washington and Abraham Lincoln, no

Continued on Page 12
Text of speech, Page 13
Editorial comment, Page 11
Observer, Page 11

Kohl's pact plans survive with IG Metall's backing

By Quentin Peel in Bonn

GERMAN chancellor Helmut Kohl's plans for drastic government savings and higher taxes to finance new embankments for the east German economy ran into a barrage of public criticism from left and right yesterday.

But his plans to negotiate a "solidarity pact" with trade unions and employers, centred on the savings package, appear to be still on course, with crucial support coming from IG Metall, the 4m-strong engineering workers' union.

The federation of German industry (BDI) backed the cuts in public spending, but attacked plans for tax rises as creating new uncertainty in the German

economy.

Mr Theo Waigel, the finance minister and chief architect of the DM20bn (\$12.5bn) a year cuts, is expected to fly to Frankfurt today to present the deal to the Bundesbank. While he warned against hopes of immediate interest rate cuts from the central bank, he said the package should have a "positive" effect on future decisions.

In another move seen as hopeful in the negotiations for the overall solidarity pact, which would open the way for a relaxation in the bank's monetary policy, two leading state premiers agreed to co-ordinate their negotiating positions. Mr Kurt Biedenkopf, the Christian Democrat leader in the eastern state of Sax-

ony, and Mr Oskar Lafontaine, Social Democrat premier of the Saarland and deputy leader of the opposition party, agreed on a joint strategy at a surprise meeting in Dresden.

As the rest of the Social Democrats, and most of the German media, expressed consternation at the government's proposed cuts in social spending, and abolition of tax allowances, as well as a DM10bn increase in the 1993 budget deficit, the insiders in the talks were far more sanguine.

A spokesman for IG Metall welcomed several leading conces-

Continued on Page 12
A long way to go, but little time, Page 11
Lex, Page 12

Cruise missile strike 'exceeded mandate'

Allies split after France criticises Baghdad attack

By David Bushman in Paris
and Our Foreign Staff

FRANCE complained yesterday that the US exceeded its United Nations mandate on Sunday when it launched cruise missiles against an industrial complex south of Baghdad.

The first serious rift between the western Gulf war allies emerged as US aircraft flew routine patrols over the northern and southern air exclusion zones of Iraq in the wake of President Saddam Hussein's offer to hold fire to mark the inauguration of President Bill Clinton.

UN weapons inspectors waiting in Bahrain for more than two weeks are due to leave today for Baghdad. Iraq had initially refused to allow the UN team to return, and then put conditions on flight plans which the UN said were unacceptable.

Mr Roland Dumas, the French foreign minister, briefing the French cabinet yesterday, pulled aside the veil which had covered his officials' private criticism of the US raid on Sunday.

Mr Dumas spelt out "the reasons for France's non-participation in the military action on the Baghdad suburbs, considering

that it exceeded Security Council resolutions", the government spokesman said.

France only made its displeasure public on the day that Mr George Bush left office. It evidently did not want to offend a

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Baghdad breathes heavy
sigh of relief

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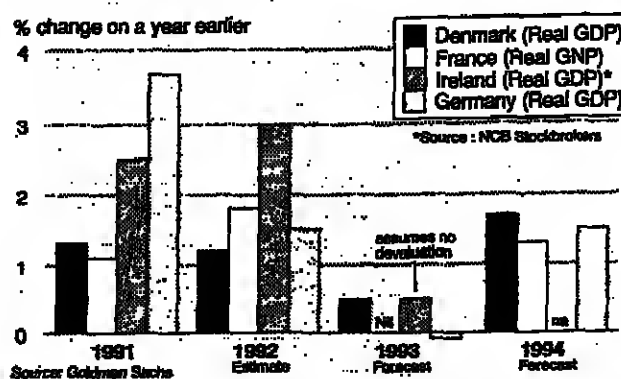
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Counting the cost of weathering ERM storm

The French franc, Danish krone and Irish punt – all weak recently in the European exchange rate mechanism – seem to have surmounted the worst of the currency storms. Partly reflecting the D-Mark's decline against the dollar, the three currencies have recovered from their lows. Although the French franc, in particular, could be a hostage to

political tensions in the run-up to the March parliamentary elections, immediate pressure for another ERM realignment has diminished. However, all three countries, suffering from very high real interest rates and facing poor growth prospects, are counting the costs of standing up to speculative pressures. FT writers assess the cost of staying the ERM course.

Economic growth



FRANCE

'Franc fort' squeezes jobs, growth and prices

By David Buchanan in Paris

THE cost to France of its franc fort policy has been, above all, a more sluggish economy. Higher short-term interest rates have slowed growth. Fewer tax receipts and higher social charges have enlarged the budget deficit, likely to be far above the FF185bn (€24.25bn) target for this year. Bankruptcies are running at around 4,000 a month and are highest in the building and retail trades.

Bank margins have been squeezed every time short-term rates have risen, though the worst was in September when keeping their own lending rates down cost the banks FF400m, according to the French Association of Banks.

Central bank support for the franc has been on a big scale at times, with FF150bn spent to prop it up in September alone.

Sporadic speculation against the franc since November had led to intervention "at a level a little lower than in September", Mr Michel Sapin, the finance minister, said this week.

It is not clear that the French central bank has lost anything on these operations, since the currency rates have stayed unchanged; indeed it claimed to have stung speculators in September and made a profit itself.

By far the steepest cost has been in unemployment, now at 10.4 per cent, with nearly 3m out of work. It is unclear whether the exchange rate is to blame for all of the record 600,000 lay-offs in industry last year.

Indeed, part of the cause may be a change in management behaviour, with employers far quicker than they used to be to try to reduce their share of France's high social payroll charges and to replace labour with capital.

On this score, the employers' federation, Paternat, has come under fire from both left and right. Yesterday, Mr François Perrot, Paternat president, hit back: "When we have an economic situation as disastrous as that in France, there is no other alternative but to reduce staff."

But things are "returning to normal in terms of the exchange rate, interest rates and the Banque de France's reserves", Mr Sapin claimed this week. Though the franc is again trading comfortably within its EMS range against the D-Mark, overnight money market rates are still over 12 per cent, though they have been as high as 20 per cent. By contrast, long-term French

rates, the benchmark for investment rather than speculation, are at less than 8 per cent and have scarcely moved throughout the crisis.

A majority of French people, 72 per cent, believe in a strong franc and oppose any devaluation against the D-Mark, according to a Sofres poll for the Finance Ministry.

The one clear benefit of the franc fort policy has been squeezing inflation to a 36-year annual low of 2 per cent. This has spurred French companies into cutting costs and improving quality in a way that has paid off in export markets. As a result, the strong exchange rate has coincided with France's strongest trade performance for two decades. A FF30bn deficit in 1991 was turned into a FF24bn surplus for the first 11 months of last year.

However, this is waning. November showed only a FF400m surplus and December is expected to show no more than a balance. But the decline seems to be more related to slackening demand for exports in key trading partner countries, such as Germany, than to an over-valued exchange rate. So far, French traders have not really felt challenged by the cheaper pound, lira and peseta.

IRELAND

Battle for punt leaves long list of casualties

By Tim Coone in Dublin

"THROUGH good days and bad days with the Irish punt, this was one of the most satisfying." Mr Bertie Ahern, the Irish finance minister, had reason to enjoy the statement by EC finance ministers who on Monday strongly supported the Irish government's four-month battle to defend the punt against devaluation.

But has it been a Pyrrhic victory as some analysts now say? The cost has been considerable and forecasts for the Irish economy in 1993 are the gloomiest in years.

In defending the punt after sterling's abandonment of the ERM last September, the government exhausted its entire stock of reserves worth £13bn (£4.9bn) in August. It has borrowed abroad to rebuild them to around £2bn now, abandoning its policy of capping foreign currency debt at £2bn before the crisis.

Foreign holders of Irish gilts, mostly German financial institutions, sold £1.8bn of a stock of £4bn held by them before September. Their appetite for new purchases will depend on prospects for the economy, which are not promising.

Irish commercial and mortgage interest rates were pushed up by three percentage points last October, as the central bank raised its own lending rates to defend the punt. Personal overdrafts now carry interest rates of around 19 per cent, commercial loans are around 16 per cent, while mortgage rates are 14 per cent. Inflation was only 3 per cent

last year, and is now expected to fall to only 1.5 per cent this year. "The monetary squeeze facing Ireland is now greater than in the UK at the height of its monetary squeeze before its abandonment of the ERM," says Mr Chris Johns, chief economist at the Bank of Ireland.

This week, interbank interest rates for one-month money were below 20 per cent, having reached 100 per cent a fortnight ago. The threat of a further 3 percentage point rise in commercial rates has thus receded, but paradoxically, the strengthening of the punt against the D-Mark and sterling has thrown the focus back on the exchange rate problem. Since September the punt has been revalued against sterling by around 14 per cent, and has placed severe pressures on Irish industry. The heads of prominent exporting companies have recently started to call openly for devaluation.

On a trade-weighted index, bringing in the currencies of Ireland's main trading partners, the punt has been revalued by around 4 per cent since September.

For an open economy such as Ireland's, heavily dependent on trade, this has worrying implications. Mr Tom Jago, president of the Irish Business and Employers' Confederation, said last week that their latest statistics show "a very depressing downturn in order books, investment plans and employment expectations". The Dublin-based NCB stockbrokers noted: "The short-term impact of a successful defence of the

currency would, on balance, add to deflationary pressures already in train and we would expect growth in real GDP to be no better than 0.5 per cent in 1993."

Davy stockbrokers are issuing a profits warning for Irish corporations this year and predict that even if German interest rates fall, Irish rates are unlikely to fall significantly before the end of 1993.

This all creates a dilemma for the new coalition Fianna Fáil-Labour government which has committed itself to attacking lengthening debt queues as its priority. It faces some tough budget decisions next month, and its commitment to keep borrowing down to within 3 per cent of GDP leaves little space for manoeuvre.

With no policy changes, the government itself predicts a rise in unemployment of 34,000 this year from its present 200,000. Independent analysts believe the increase is likely to go as high as 50,000, rising to 19 per cent of the workforce from 16.6 per cent, already the highest in the EC.

Was it all worth it? "Certainly," the government argues. It says the benefits of having credibility within the ERM and low inflation, enhances competitiveness and puts Ireland in the fast track to the European Monetary Union. This is the strategic goal. Once achieved, the argument goes, Ireland can finally shed the perception that its economic fortunes are forever hostage to those of the UK – a perception which precipitated the last assault on the punt.

ERM target currencies recover from attacks

ALL THREE currencies – the French franc, Irish punt and Danish krone – are now under much less pressure inside the exchange rate mechanism (ERM) than they were two weeks ago, writes James Blitz in London.

The French franc closed last night at FF3.3800 against the D-Mark, some 5 pfennigs above its ERM floor. Earlier in the day, it had been at FF3.3770, its highest level since November 19 last year.

The Irish punt was also stronger, less than a fortnight after it had been trading below its ERM floor of 2.95100 against the Dutch guilder. At the end of European trading yesterday, the punt was seen as high as 2.9805.

The Danish krone has also strengthened. The krone was yesterday trading well away

from its ERM floor of DKr3.901 to the D-Mark, at DKr3.5373.

French money market rates have risen all this week, in spite of the stronger currency, with 3-month French francs rising yesterday to 11 1/2 per cent from a previous close of 11 1/4 per cent.

In Dublin, the overnight lending rate for the punt is well down from the 100 per cent seen in the first week of this year.

But the cost of borrowing punts for 11 months was at around 17 per cent last night. Earlier this week, Denmark's central bank cut its key lending rate by 1 percentage point, to 12 per cent.

However, 3-month kroner were still trading nearly 500 basis points above 3-month D-Marks yesterday.

DENMARK

Resilient krone sees off the speculators

By Hilary Barnes in Copenhagen

THE upheavals in the EMS have left Denmark with high short-term interest rates and an abrupt loss of competitiveness in important export markets. But, in spite of a prospective change of government, Denmark appears to have weathered the crisis – and the central bank is proclaiming victory.

"Defence of the krona has not cost us a thing. It has cost the speculators, who have

lost," said Mrs Kirsten Mordhorst, vice-president of the Danish National Bank.

The UK, Sweden, Finland, Norway and the southern European countries – all of whose currencies have fallen in the past few months – together account for about a third of Denmark's exports.

But this has not yet dented Denmark's current account surplus, about DKr25bn (£3.95bn) last year, or 3 per cent of GDP. Furthermore, the domestic political turbulence which erupted last week with

the resignation of the prime minister, Mr Poul Schlüter, has had a positive impact on financial markets. The krona has strengthened against the D-Mark, the one-month Copenhagen interbank offer rate has fallen by more than 2 percentage points to 15, the all-share index fell 4.7 points in two days, but bond prices have risen.

Firmness on financial markets in part reflects the view that the new Social Democratic government, expected to be installed later this week, will

be in a better position than Mr Schlüter's administration to secure a Yes to the Maastricht treaty when it is submitted to a second referendum this spring.

In spite of only sluggish Danish economic growth, the markets are also impressed by inflation of only 1.4 per cent for the latest 12 month-period. Mr Erik Hoffmeyer, the national bank governor, now says that in all important respects Denmark's economy is more stable than Germany's. Short-term interest rates have

nevertheless been high for long periods. Some companies have been paying loan rates of up to 20 per cent. According to Mr Michael Teit Nielsen, economist at the Federation of Small Enterprises, this is creating a vicious circle. "As equity capital is eroded the banks are less and less willing to lend money," he said.

Despite the national bank's optimistic view, Denmark is as eager as any other EC country to see the Bundesbank making significant cuts in interest rates.

Italian bankers act on Efim debts

By Robert Graham in Rome

THE Italian bankers association (ABI) is to set up a legal panel to consider ways of ensuring repayment of debts owed by Efim, the state industrial holding placed in liquidation last July.

Italian and foreign banks are due £9,500bn (£6.86bn), the largest accumulation of debt owed to banks as a result of the collapse of any Italian group.

Despite repeated government attempts to appeal on the details of payment to creditors, both domestic and foreign bankers remain confused and are increasingly impatient.

Yesterday's decision empowers Mr Tancredi Bianchi, president of the ABI, to nominate a panel of three to four lawyers headed by Mr Piero Schlesinger, a prominent jurist and president of Banca Popolare di Milano.

Within a month the panel would be expected to be in a position to provide advice on the best approaches to recover credits.

Mr Bianchi is also seeking a meeting with Mr Giuliano Amato, the prime minister, to obtain reassurances. Italian banks are owed almost 60 per cent of Efim's debt.

This week the government confirmed it had raised the ceiling from £4,000bn to £9,000bn for bonds to be issued to cover debt. Mr Alberto Predieri, the liquidator, had earlier sought a £10,000bn ceiling.

Mr Bianchi said yesterday it was essential to clarify the procedures for paying off the bank credits.

He also voiced his concern over the lack of clarity in the government's recent decision to separate Efim's defence and aerospace activities and place them on a lease basis with Finmeccanica, the main industrial subsidiary of IRI, the state holding.

He said the destination of the cash flow from these leased companies needed to be clarified – would it be used by Finmeccanica, used to repay debts or accumulated to attract future purchasers?

Copenhagen sets out EC aims

By Lionel Barber in Strasbourg

DENMARK yesterday presented the European Parliament with ambitious plans for its six-month presidency of the EC, which it said would be unaffected by the impending change of government in Copenhagen.

Mr Uffe Ellemann-Jensen, outgoing Danish foreign minister, said there was a broad consensus among the principal Danish political parties on EC policy. "There is no need to worry whether the Danish presidency will function," he said.

But Mr Leo Tindemans, a

Belgian former prime minister and now president of the Christian Democratic group in the parliament, noted that a Danish government was not yet in place in Copenhagen. "Never in my experience has a presidency started under worst auspices than today," he told fellow MEPs.

Denmark's goals for its presidency include opening negotiations on EC enlargement with Austria, Sweden, Finland, and – as soon as possible – Norway; greater openness in EC decision-making; devolving responsibilities to the lowest level in the Community according to the principle of subsidiarity; tougher EC environment

tal policy; and closer political and economic ties with eastern and central Europe.

Mr Ellemann-Jensen, one of Europe's longest-serving foreign ministers, told reporters at a farewell news conference that his speech had been cleared by the main parties in the Danish parliament. In Denmark, Mr Poul Nyrup Rasmussen, the Social Democratic leader, is trying to form an SDP-led government after 10 years of Conservative-Liberal rule, but a new coalition may not be in place until the weekend.

In his speech to the European Parliament, Mr Ellemann-Jensen said the conflict in

Yugoslavia would demand the greatest efforts of the Danish presidency.

He also called for closer co-operation with the incoming Clinton administration in the US to promote economic growth, reach a Gatt trade agreement, strengthen the UN's peace-keeping role and create an International Court of Criminal Justice.

Denmark – which rejected the Maastricht treaty in a referendum last June – is to hold a second such poll in late-April or early-May. Mr Ellemann-Jensen predicted approval this time, based on the deal reached with her EC partners last month.

Border controls raise complaints

By Andrew Hill in Brussels

FREE circulation of people within the European Community is being hampered by systematic passport checks at airports, different national visa requirements for non-EC travellers and a lack of information about the single market, according to a lobby group for European citizens. Euro Citi-

zen Action Service (Ecas) has written to Mr Jacques Delors, president of the European Commission, after receiving more than 700 calls and about 300 written submissions about border controls on a special fax and telephone hotline, which operated between January 4 and January 13.

Mr Tony Venables, Ecas director, is now calling on the Commission to take action to resolve flaws which Ecas claims are undermining the principle of free movement of people.

In a report, Ecas says that although systematic passport checks at the EC's internal

land frontiers seem to have ended, all member states are in infringement of the Single European Act, particularly at airports.

Mr Rando Vanni d'Archiraffi, the new commissioner for the internal market, yesterday presented a preliminary report on the progress of the single market to his fellow commissioners. The report, details of which should be made public today, refers to delays in lifting internal border controls on people, but it seems unlikely that Mr Vanni d'Archiraffi will seek a legal confrontation with sluggish member states.

Three EC members, Britain,

Ireland and Denmark, are likely to retain passport controls beyond the end of this year, but even the more enthusiastic countries are lagging behind in their attempts to abolish all controls during 1993.

In some cases Ecas believes it has the basis for a formal complaint to the European Commission. In particular, Ecas received more than 100 complaints from residents of Gibraltar claiming that Spain had strengthened its controls on people travelling to and from the British crown colony. "Ecas, I rue Defaqce, 1060 Brussels, Belgium."



Ellemann-Jensen addressing MEPs yesterday; no worries

Croatia and Slovenia join IMF

CROATIA and Slovenia were yesterday admitted to the International Monetary Fund, allowing the two former Yugoslav republics access to loans from the IMF and to join its sister institution, the World Bank, writes George Graham in Washington.

Croatia will have a quota of SDR261.6m (\$361m) once the IMF's general quota increase is completed, while Slovenia's quota will be SDR150.5m.

Poles seek debt deal

Poland wants a debt restructuring agreement with western commercial banks who are owed \$12.1bn and to resume normal credit relations, Mr Krzysztof Krawczyk, the country's newly appointed debt negotiator, said yesterday, writes Christopher Bobinski from Warsaw.

EC inflation falls

The European Community's inflation rate dropped to 3.7 per cent a year in December, according to the EC statistics office Eurostat yesterday. Reuter reports from Brussels. The rate was down from 3.8 per cent in November.

Russia adopts a crisis plan to avert collapse

By John Lloyd in Moscow

THE Russian government yesterday adopted an ambitious programme of financial stabilisation and tight monetary policy in an effort to stave off financial collapse.

The package was adopted after what Mr Boris Fyodorov, the deputy prime minister in charge of the economy and finance, said was a "heated" discussion in a cabinet faced with bitter choices.

According to Mr Anatoly Chubais, the deputy prime minister in charge of privatisation, inflation is now running at 10 per cent a week – heading rapidly for the level which marks the doleful entrance to hyperinflation; production fell 20 per cent last year and has not yet stabilised; unemploy-

ment is forecast to rise from well under 1m to more than 5m; the budget deficit is variously put between 15 and 25 per cent of GNP; and domestic and foreign investment has more than halved.

In the face of this Mr Fyodorov said that the plan adopted yesterday would be aimed at bringing the budget deficit down to 5 per cent of GNP,

issuing government bonds, with short-term denominations to protect against inflationary losses; and budget deficit targets would be set quarterly.

At the same time, however, Mr Fyodorov said the government aimed to slow the fall in production levels, double the interest paid on savings, and provide better social protection for the population. Anticipating opposition from the Russian Supreme Soviet, Mr Fyodorov said that some of the stringent measures would be pushed through by presidential decree – while others would be submitted for parliamentary approval.

At the same time officials at the Ministry of Economics revealed that inter-enterprise debt has again soared, now reaching a level of Rb33.500bn

– surpassing the crisis levels reached at the middle of last year before the central bank advanced credit to bring the level down.

An official said that enterprises used credits to meet wage bills and settle debts with each other on a barter basis or for advancing interest free loans. Were they to begin demanding payment of the debts, he said, "industry would simply stop because there is no money". Mr Chubais, commenting on privatisation, said that the state had earned Rb156bn from companies sold off, as against the Rb572bn expected.

Russia now had 46,000 private companies, he said, and another 5,600 large enterprises had completed or were completing the process of converting into shareholding companies.

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President Bill Clinton is congratulated by his predecessor, Mr George Bush, in Washington yesterday after the new US leader was sworn in on the steps of the Capitol

New president urges America to embrace dramatic change

THIS is the text of President Clinton's inaugural address:

Today we celebrate the mystery of American renewal.

This ceremony is held in the depth of winter. But, by the words we speak and the faces we show the world, we force the spring — a spring reborn in the world's oldest democracy, that brings forth the vision and courage to reinvent America.

When our founders boldly declared America's independence to the world and our purposes to the Almighty, they knew America, to endure, would have to change — not change for change's sake, but to preserve America's ideals — life, liberty, the pursuit of happiness. Though we march to the music of our time, our mission is timeless. Each generation must define what it means to be an American.

On behalf of our nation I salute my predecessor for his half-century of service to America, and thank the millions of men and women whose steadfastness and sacrifice triumphed over depression, fascism, and communism.

Today a generation raised in the shadows of the cold war assumes new responsibilities in a world warmed by the sunshine of freedom but threatened still by ancient hatreds and new plagues.

Raised in unrivalled prosperity we inherit an economy still the world's strongest, but weakened by business failures, stagnant wages, increasing inequality, and deep divisions among our people.

When George Washington first took the oath I have just sworn to uphold, news travelled slowly across the land on horseback and across the oceans by boat. Now the sights and sounds of this ceremony are broadcast instantaneously to billions around the world.

Communications and commerce are global; investment is mobile; technology is almost magical; and ambition for a better life is universal. We earn our livelihood in peaceful competition with people all across the earth.

Profound and powerful forces are shaking and remaking our world, and the urgent question of our age is whether we can make change our friend and not our enemy.

This new world has already enriched the lives of millions of Americans who are able to compete and win in it. But, when most people are working harder for less, when others cannot work at all, when the cost of health care devastates millions and threatens to bankrupt many of our enterprises, when fear of crime robs law-abiding citizens of their freedom, and when millions of poor children cannot even imagine the lives we are calling them to lead — we have not made change our friend.

We know we have to face hard truths and take strong steps. But we have not done so. Instead we have drifted, and that drifting has eroded our resources, fractured our economy, and shaken our confidence. Though our challenges are fearsome, so are our strengths. Americans have never been a restless, questioning, hopeful people. We must bring to our task today the vision and will of those who came before us.

From our revolution to the civil war, to the great depression to the civil rights movement, our people have mustered the determination to construct from these crises the pillars of our history. Thomas Jefferson believed that, to preserve the very foundations of our nation, we would need dramatic change

from time to time. My fellow-citizens, this is our time. Let us embrace it.

Our democracy must be not only the envy of the world but the engine of our own renewal. There is nothing wrong with America that cannot be cured by what is right with America.

So, today, we pledge that the art of deadlock and drift is over — a new season of American renewal has begun.

To renew America we must be bold. We must do what no generation has had to do

to the people to whom it belongs. To renew America we must meet challenges abroad as well as at home. There is no clear division today between what is foreign and what is domestic — the world economy, the world environment, the world AIDS crisis, the world arms race affect us all.

Today, as an old order passes, the new world is more free but less stable. Communism's collapse has called forth old animosities and new dangers. Clearly America must continue to lead the world we did so much to make. While America rebuilds at home we will not shrink from the challenges, or fail to seize the opportunities, of this new world. With our friends and allies we will work to shape change, lest it engulf us.

When our vital interests are challenged, or the will and conscience of the international community defied, we will act — with peaceful diplomacy when possible, with force when necessary. The brave Americans serving our nation in the gulf, in Somalia, and wherever else they stand are testament to our resolve.

But our greatest strength is the power of our ideas, which are still new in many lands. Across the world we see them embraced — and we rejoice. Our hopes, our hearts, and our hands are with those on every continent who are building democracy and freedom. Their cause is America's cause.

The American people have summoned the change we celebrate today. You have raised your voices in an unmistakable chorus. You have cast your votes in historic numbers. And you have changed the face of the Congress, the presidency, and the political process itself. Yes, you have forced the spring. Now we must do the work the season demands.

To that work I now turn, with all the authority of my office. I ask the Congress to join with me. But no president, no Congress, no government can undertake this mission alone. My fellow-Americans, you, too, must play your part in our renewal.

I challenge a new generation of young Americans to a season of service — to act on your idealism by helping troubled children, keeping company with those in need, reconnecting our torn communities. There is much to be done — enough for millions of others who are still young in spirit to give of themselves in service, too. In serving we recognise a simple but powerful truth: We need each other. And we must care for one another.

Today we do more than celebrate America; we rededicate ourselves to the very idea of America: An idea born in revolution and renewed through two centuries of challenge; an idea tempered by the knowledge that, but for fate, we — the fortunate and the unfortunate — might have been each other; an idea ennobled by the faith that our nation can summon from its diversity the deepest measure of unity; an idea infused with the conviction that America's long heroic journey must go forever onward.

And so, at the edge of the 21st century, let us begin with energy and hope, with faith and discipline, and let us work until our work is done. The scripture says: "And let us not be weary in well-doing, for in due season we shall reap, if we faint not."

From this joyful mountaintop of celebration we hear a call to service in the valley. We have heard the trumpets. We have changed the guard. And now — each in our own way, and with God's help — we must answer the call.



INAUGURATION OF THE PRESIDENT

before. We must invest more in our own people and in our own future, and at the same time cut our massive debt. And we must do so in a world in which we must compete for every opportunity.

It will not be easy; it will require sacrifice. But it can be done, and done fairly, not choosing sacrifice for its own sake, but for our own sake. We must provide for our nation the way a family provides for its children.

Our founders saw themselves in the light of posterity. We can do no less. Anyone who has ever watched a child's eyes wander into sleep knows what posterity is. Posterity is the world to come — the world for whom we hold our ideals,

America must continue to lead the world we did so much to make

from whom we have borrowed our planet, and to whom we bear sacred responsibility.

We must do what America does best: offer opportunity to all and demand responsibility from all. It is time to break the bad habit of expecting something for nothing, from our government or from each other. Let us take more responsibility, not only for ourselves and our families but for our communities and our country.

To renew America we must revitalise our democracy. This beautiful capital, like every capital since the dawn of civilisation, is a place of intrigue and calculation. Fearful people manoeuvre for position and worry endlessly about who is in and who is out, who is up and who is down, forgetting the people whose toil and sweat sends them here and pays their way.

Americans deserve better. In this city there are people who want to do better. Let us resolve to reform our politics, so that power and privilege no longer shout down the voice of the people. Let us put aside personal advantage so that we can feel the pain and see the promise of America.

Let us resolve to make our government a place for what Franklin Roosevelt called "bold, persistent experimentation," a government for our tomorrows, not our yesterdays. Let us give this capital back

US administration's foreign policy team shows continuity

Baton passes to practised hands

By Jurek Martin, US Editor, in Washington

THOUGH NOT as bitchy as academics, members of the foreign policy establishment in the US — and elsewhere — can be pretty snifty when an outsider gets a position that really matters.

Even today, any recollection of the freelance thoughts and activities of Mr Andrew Young, UN ambassador in the Carter administration of the 1970s, produces pained expressions among them.

President Bill Clinton brings no credentials other than intellect to the practice of US foreign policy. But the team now mostly assembled to run it for him, under the aegis of Mr Warren Christopher as secretary of state, should flutter few diplomatic doves.

It is certainly not short of experience, even though the Democrats have been out of power for 12 years. It has continuity in the retention of some senior Bushmen, with Mr Edward Djerejian and Mr Dennis Ross remaining involved in the Middle East and Mr Bernard Aronson temporarily keeping the Latin American brief, mostly to deal with Haiti.



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The team is well staffed with career diplomats, including those held over, even though some had moved out to the private sector. Mr Sam Lewis, ambassador to Israel for eight years under Presidents Carter and Bush, returns to run policy planning.

Mr Winston Lord, once an associate of Mr Henry Kissinger and who was ambassador to Beijing until a few months before the Tiananmen Square massacre in 1989, comes back to take control of Asian affairs. Mr George Moose, another professional diplomat and former envoy to Senegal, gets the African brief.

It has a quota of outsiders. Ever since he was passed over for a cabinet post last month, Mr Tim Wirth, former senator from Colorado, has seemed a likely recruit.

He is a man of eclectic interests and popular in Washington. His new role as counsellor in charge of a fistful of global issues, ranging from the environment to refugees, ought to test his talents.

Likewise, Mr Strobe Talbott, the Time magazine journalist and Oxford classmate of Mr Clinton, has spent much of his career writing about the former Soviet Union, including a book soon to be published. This knowledge will be deployed in another new position as ambassador-at-large to the former Soviet republics, with particular emphasis on Russia.

Mr Christopher has also placed those he knows particularly well in key places — such as Mr Peter Tarnoff of the Council on Foreign Relations who, as political undersecretary, is number three in the state department; Mr Thomas Donilon, an associate with the secretary of state's law firm who takes over public affairs; and Mr Stephen

Christopher has put those he knows well in key places, but there is potential for controversy

Oxman, now an investment banker but aide to Mr Christopher in the Carter administration, who gets the European portfolio.

There are, however, three areas of potential controversy. Mr Lord, a Republican, has been very critical of China's post-Tiananmen policies. A mid-summer test of the new administration's approach to China will occur when Congress considers extension of most-favoured nation trading status. Mr Lord might well propose that this be more conditional on acceptable Chinese behaviour.

There appears to be a fair-

sized battle going on over the succession to Mr Aronson for Latin America. Favourite for the job was Mr Mario Baeza, a black Cuban-American lawyer from New York and a close friend of Mr Vernon Jordan, director of the administrative transition.

However, opposition to his appointment has come from Mr Jorge Mas Canosa, leader of the Cuban community in Florida, who is reported to suspect Mr Baeza would be more inclined to promote a dialogue with President Fidel Castro of Cuba than work to overthrow him.

Last — but by no means least for Washington insiders — the absence of any of the neo-conservative coterie influential in the foreign policy debate has been widely noticed.

There remains the suspicion that most of the foreign policy ideas in the new administration will come from the White House National Security Council under Mr Anthony Lake and Mr Sandy Berger, with the State Department providing the diplomatic process. For all that, they all know each other well enough to avoid unnecessary tensions.

Clinton enthusiasm invades US public

George Graham finds support for the president in Pennsylvania

POLITICIANS and press pundits in Washington have already declared the honeymoon over. President Bill Clinton stood accused of breaking promises before he had laid a hand on the Bible at noon yesterday for his oath of office.

Further afield, however, the Americans who voted him into the White House — and a surprisingly large number of those who did not — are willing to give the former governor of Arkansas more of a chance to prove himself.

Despite media criticism of his slowness at forming an administration, his backtracking on promises to cut taxes for the middle class, and his

policy reversal on Haitian refugees, 71 per cent of voters hold a favourable opinion of Mr Clinton, according to a poll conducted by Mr Ed Goess and Ms Celinda Lake, a Republican-Democratic polling partner ship.

In the rolling hills of southern Pennsylvania, generally Republican territory, many seemed this week to agree with Mr Clinton's campaign slogan that it was time for a change.

"I think the country needs a change. I just hope Clinton's the right guy," said Ms Elaine Wolf in the town of East Berlin.

Even those who are not sure

they like his brand of change said they will reserve judgment until he has had a chance to prove himself.

"I wish him well and I pray for him to that end, because there are certainly a lot of things that need to be put right. I hope he can do it without upsetting the apple cart," said 63-year-old Mr Bob Slater, a Democrat for much of his life but now with the Republicans. He runs a furniture shop in the town of New Oxford.

Up the road at Gettysburg, where 130 years ago a Union army fought to a standstill a southern invasion under the command of General Robert E. Lee, Mrs Joan Baltzley went

further and confessed she was enthusiastic about the new president.

"I kind of hate to say this, because I didn't vote for him, but I do feel enthusiastic. This is a good thing happening to our country — young blood and new ideas," she said.

Mr Clinton does not seem to have raised too many eyebrows by edging away from some of his campaign pledges, but voters have low expectations of politicians.

"No matter who would have gotten the position probably would have backed down on some things," said Ms Wolf.

It is the supporters of Mr Ross Perot, the unpredictable

Texas billionaire who reaped a strong anti-establishment vote in the presidential election, who are the least forgiving of any frailties Mr Clinton may show.

"We will see how much of a man he is when he has to deal with Baghdad. He has already broke his promises to the middle class," said Mr Kevin Collins, in Mechanicsburg.

For Mr Collins, Mr Clinton's lavish inaugural festivities, replete with symbolism of his bonds to the American people, may have backfired. "He's spending \$30m on this what do you call it, and I'm not even invited," he complained.

Upheaval in prospect for the Canadian political landscape

By Bernard Simon in Toronto

WILL he stay or will he go? Whenever the talk in Canada turns to politics these days, that question is asked of two of the country's most prominent and long-serving leaders, Prime Minister Jean Chrétien and Quebec Premier Robert Bourassa.

Depending on what they decide, their plans could radically alter Canada's political landscape within the next two or three months.

Mr Mulroney's resignation would throw new uncertainty into the general election, which will probably be called in late summer or early autumn.

Mr Bourassa's departure would re-ignite the issue of Quebec's place in Canada just as it seemed to be dying down in the wake of the constitutional referendum last September.

The shadows over the political future of the two men come from entirely unrelated sources.

In Mr Mulroney's case, the pressure to

step down is political. A strong body of opinion, inside and outside the Progressive Conservative party, believes that it would be better off entering the election campaign with a fresh face at the helm.

Mr Mulroney, 53, who has been party leader for 10 years and prime minister since the Tories took office to September 1984, has been unable to shake off English-Canadians' visceral dislike of him. Although his government has trodden cautiously over the past year or two, Mr Mulroney's reputation remains dogged by the still-stagnant economy, by such policies as free trade with the US, and by his own public image as a sanctimonious wheeler-dealer.

One recent opinion poll gave the Tories the support of only 18 per cent of decided voters, compared with 44 per cent for the opposition Liberals. Mr Mulroney is favoured as prime minister by fewer than one in seven voters.

Mr Mulroney and his aides are giving no sign of his intentions, leaving political commentators to read their tea leaves. A

cabinet shuffle this month was interpreted by some as evidence that he was staying, by others that he had decided to go.

The latter view has been boosted by a series of patronage appointments to recent weeks, bringing back memories of the flood of jobs handed out by Mr Pierre Trudeau in the dying days of his federal premiership nine years ago. On the other hand, Mr Mulroney has chosen the very non-political chief of Canada's armed forces, General John de Chastelain, for the plum post of the ambassadorship in Washington.

The question mark over Mr Bourassa is his health. He disclosed this month that the melanoma (skin cancer) first diagnosed in 1990 has spread to a lung. He recently underwent surgery in the US and may begin experimental cancer therapy next month.

Mr Bourassa, 58, has postponed a decision on his future at least until the therapy starts. But that has not prevented Quebec's political temperature rising in anticipation that, even if he stays on for



Mulroney: pressures from party to resign

the time being, he will vacate the premiership this year.

With a provincial election due in 1994, Mr Bourassa's political friends and foes, not to mention the media, have begun speculating on a possible successor. The big question is whether one can be found who matches both his popularity among

voters and his shrewdness in holding together the federalist and nationalist wings of the Quebec Liberal Party.

The only certainty about either Mr Mulroney's or Mr Bourassa's departure is that it would create greater uncertainty in assessing the political outlook for Canada.

Few doubt that Mr Mulroney's successor would bolster the Conservatives' electoral chances in the nine English-speaking provinces — at least initially. The current front-runner is Ms Kim Campbell, a bright Vancouver lawyer whom Mr Mulroney recently shuffled from the justice ministry to the defence portfolio.

As party leader, Ms Campbell or another westerner might have a good chance of outflanking the Alberta-based Reform Party, which has drawn many unhappy Conservatives on the prairies and the west coast with its populist, right-wing platform.

Less sure, however, is whether another Tory leader could repeat Mr Mulroney's success in the past two elections in his native Quebec. The francophone province

provides more than a quarter of the 285 members in the federal parliament in Ottawa, and its voters tend to rally around a single party at federal elections.

The Conservatives now hold 58 of Quebec's 75 seats. A good showing in the francophone province is thus essential if the Conservatives are to have any hope of forming a third majority government.

Although Ms Campbell is bilingual, she is virtually unknown in Quebec and has no power base there. For the Conservatives to have any hope of doing well there, a new leader from English Canada would need a strong Quebec lieutenant. The name most often mentioned is that of Mr Jean Charest, the up-and-coming but still lightweight environment minister.

The prospect of Quebec losing two of its most influential federalist voices has already emboldened the province's separatists. Mr Lucio Bouchard, head of the Bloc Québécois, which has eight MPs in the House of Commons, predicted this week that the number could rise to 60 at the next election.

Brittan blitz on Gatt talks

By David Dodwell,
World Trade Editor

SIR Leon Brittan, European Community trade commissioner, plans a blitz of top-level meetings next week aimed at achieving a rapid end to the Uruguay Round of world trade talks.

Plans to meet Mr Mickey Kantor, his newly-appointed US counterpart, in Washington have yet to be confirmed. He will meet Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT), tentatively next Wednesday, and other leaders concerned with the Uruguay Round at the following week-end's Doha summit.

The initiative coincides with calls to the incoming US administration, whose views on the Uruguay Round and wider trade policy remain unclear, to make a final push

to complete the six-year-old talks before the negotiating mandate granted by Congress expires in March.

Mr Dunkel said yesterday after a stock-taking meeting of the Trade Negotiations Committee (TNC) which oversees the 112-nation liberalisation talks: "We are critically short of time. We must conclude now or risk drifting into the sands."

Sir Leon, who assumed responsibility for EC trade policy three weeks ago, has moved swiftly to press for a rapid end to the talks. After a meeting outside London on January 2 (a day after assuming office) with Mrs Carla Hills, outgoing US trade representative, he agreed with the US to focus negotiations on tariff cuts on manufactured goods.

"We have not reached agreement," he commented this week. "But we have not wasted

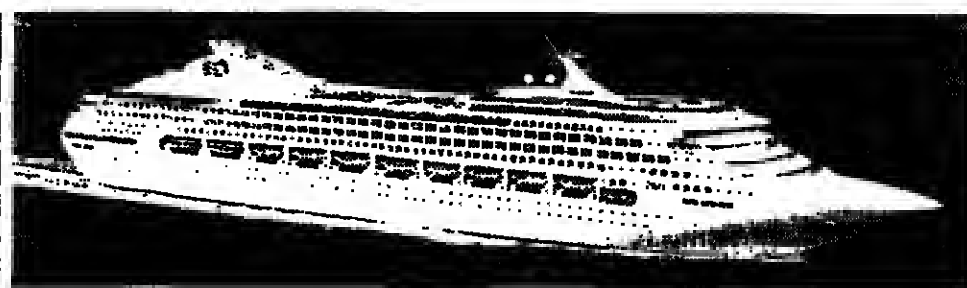
"Clinton will have his hands full finishing the Uruguay Round package, without reopening settled bargains," says Mr Gary Hufbauer at the Institute for International Economics in Washington. David Dodwell writes: "When he is ready to make his own mark on the global system, he should organise a ninth Gatt round to cover the environment, competition policy and unfinished business from the Uruguay Round."

our time. We have injected new urgency into the process and have prepared the ground for a successful conclusion." He clearly hopes the meetings next week will provide fresh momentum at a time when success or failure almost certainly depends on the priority given to the Uruguay Round talks by President Clinton.

At present, Mr Clinton's trade priorities are unclear. Mr Kantor, who spends his first day today as US trade representative, gave mixed signals on likely policy priorities when he appeared before the Senate finance committee for his nomination hearing. His deputies have not yet been named, but the people chosen will provide important signals on how policy will be shaped.

"We see no sign that suggests we should be worried there will be any increase in US protectionism, and remain totally open to building up contacts with the new administration," a spokesman for Sir Leon said yesterday.

He refused to comment directly on remarks by Mr Kantor at his nomination hearing indicating "deep concern" over aspects of November's US-EC agreement to reduce farm subsidies.



Britain's Peninsular & Oriental Steam Navigation Company yesterday announced that its largest cruise ship yet, the Sun Princess (illustrated above), will be built by Italy's Fincantieri yard in Monfalcone at a cost of \$300m (£187.3m). Richard Tomkins, Transport Correspondent, writes.

The Sun Princess, weighing 77,000 gross tonnes, will carry 1,950 passengers and 900 crew. It is expected to enter service at the end of 1995 with Princess Cruises, P&O's Los Angeles-based subsidiary, a leader in the North American premium cruise market.

The vessel is the third in a row to be built for P&O by Fincantieri. Previous vessels built by the yard were Crown Princess, delivered in 1990, and Regal Princess, delivered in 1991.

P&O said the dollar's recent strength and favourable Italian currency rates had enabled the price of \$300m to be achieved, of which 20 per cent would be paid during construction and the remainder on delivery.

P&O's worldwide cruise fleet currently comprises 14 ships operating in North America, Europe and the western Pacific. Architectural designer of the latest addition is Mr Njal Eide of Norway, who was also responsible for the revolutionary design of P&O's Royal Princess introduced in 1984.

Mr Tim Harris, chairman of P&O Cruises, said the design and technical specification of the latest addition to the fleet would set a new industry standard that would take the company well into the 21st century.

"The Royal Princess was in many ways the classic cruise ship of the 1980s, and we believe the Sun Princess will be the classic cruise ship of the 1990s," Mr Harris said.

Vanished satellite 'may have blown up'

By Kevin Brown in Sydney
and Daniel Grean in London

AN Australian satellite which disappeared after being launched by a Chinese rocket may have been damaged by an explosion, a Hong Kong newspaper with close links to Beijing said yesterday.

Wen Wei Po, a Chinese-language daily, said fragments recovered by a Sino-US investigating team suggested the explosion occurred after the satellite was deployed.

The report echoes findings by the US journal Aviation Week and Space News which this week said the nose "abandoned", or cone, of the rocket disintegrated at 23,000ft, exposing the satellite to a 1,000mph slipstream that destroyed it.

If the reports are confirmed by official investigations, it would damage China's efforts to break into the lucrative satellite launch market dominated by western companies, which charge high prices for their services. The newspaper reiterated earlier claims by China's Aerospace Ministry that the accident was not caused by a failure of the Long March rocket used to launch the satellite from south-west China last month.

The \$138m (£90.7m) satellite was built by Hughes Aircraft, the US aerospace group, for Optus Communications, an Australian telecommunications company which planned to use it for phone and broadcasting services. Optus said it expects Hughes to supply a replacement satellite as part of a \$450m (£226.2m) contract to build and launch the two satellites. The replacement one could be launched within 18 months.

China launched its first satellite for an overseas client in April 1990, when a Long March rocket put AsiaSat-1 into geostationary orbit for a Hong Kong-based consortium. Optus is owned by BellSouth of the US, Cable and Wireless of the UK, and Mayne Nickless, the Australian transport group.

Asia's capital of deprivation seeks the capital of hope

After decades of economic decline, Marxist-run Calcutta is trying to attract foreign investors, writes Stefan Wagstyl



ON THE walls of Calcutta, the hammer and sickle remains, but even West Bengal's Marxists have been persuaded to embrace capitalism

CALCUTTA, with its dirt, decay and human deprivation, breeds a gritty sense of determination. There was little surprise that the city's businessmen went ahead this month with their first international trade fair despite the turmoil of the Ayodhya crisis.

Officials of the Bengal Chamber of Commerce and Industry freely admit crumbling roads and buildings, crowds, noise and pollution make Calcutta one of the world's least attractive cities for first-time visitors. As they say in a report, any newcomer "would be psychologically put off immediately and decide to leave the city as quickly as possible."

Nor are business visitors likely to be encouraged by the frequent power cuts or the grim posters of Marx, Lenin and Stalin put up by supporters of West Bengal's Communist-led government.

The fair's organisers pressed on with the event despite the violence which hit the city following the destruction of the Ayodhya mosque. They took comfort from the fact that the riots in Calcutta were rela-

tively small, causing 43 deaths compared with hundreds in Bombay.

The fair, which ended this week, attracted 2,000 business visitors, less than the original target of 3,000 but enough to justify holding the event and to prompt the chamber to consider making it an annual event. Mr Pradip Dasgupta, the chamber's secretary, says: "In the prevailing circumstances, it has been very satisfactory. We got 1,000 enquiries."

It will take time for such enquiries to turn into firm orders let alone decisions to invest in the city. Nevertheless, after decades of economic decline, Calcutta is trying to stop the rot. Encouraged by the national government's free-market oriented reforms, even West Bengal's Marxists have been persuaded to embrace capitalism. Mr Jyoti Basu, the Marxist chief minister who has been in power since 1977, says that the capitalism he once fought no longer exists: "We welcome business."

Unfortunately, business has so far been less than fulsome in its response. The West Bengal Industrial Development

Corporation, a state economic agency, proudly lists 254 investment plans filed by entrepreneurs since the central government announced economic liberalisation in July 1991. The agency claims that the investments total Rs53bn (£1.2bn) and would generate 63,482 jobs.

The list is headed by a Rs33bn scheme for a petrochemicals complex at Haldia, a greenfield site near Calcutta, to be built by West Bengal state in partnership with the Tata group, India's largest private conglomerate.

Other large schemes include a Rs7.5bn pig iron plant proposed by SK Birla, a leading Calcutta group, and a Rs3.9bn plastics factory to be built by Reliance, a textiles and chemicals group. Construction work on the Haldia project, which was first mooted long before the 1991 economic reforms, is due to start this year, about 12 months later than planned.

But it is not yet clear when some of the other large schemes will be realised. Most of the investments are modest,

for example, the expansion and small-scale modernisation of forging, steelmaking and engineering industries. All long-established in Bengal. Foreign investment is also of limited scale, such as a Rs300m factory for refractory bricks used in steel-making to be built this year by Vesuvius, a subsidiary of Cookson, the UK chemicals maker.

The reluctance of businessmen is easily understood. Calcutta's long accepted the city's decline as the result of the burdens imposed by floods, and of refugees from war and natural disasters. Mr Basu's state government tried to fight poverty as it thought best, but its efforts compounded Calcutta's difficulties by promoting over-powerful trade unions and alienating business. To make matters worse, India's ruling Congress (I) party felt little inclination to divert state investments to West Bengal.

Calcutta's industrial groups kept their head offices in the city, but new investments have mostly gone into other parts of India. According to the Chamber of Commerce, industrial investment in West Bengal, which grew at an annual rate of 9 per cent as late as the mid-1980s, was shrinking by 0.5 per cent in the mid-1990s. Factories, roads and sewers crumble through lack of investment, and a choking smog permeates the air. What was once the richest city in Asia has become a monument to urban poverty.

It will take time to overcome the effects of years of stagnation. Top of many businessmen's concerns is the state's acute shortage of electricity since power cuts occur daily.

Similarly, although the city's roads and public services were the envy of India as late as the mid-1960s, the long years of neglect have taken their toll.

Calcutta businessmen have to think hard to come up with some advantages to match the city's manifest disadvantages. They talk of the high skill levels of Bengali workers and are proud of the city's historical international commercial links, especially with Britain.

But, as Mr Biji Kurien, president of the chamber of commerce, says: "It is hard to sell Calcutta and even harder when other cities in India are also trying to attract investment."

ADVERTISEMENT

PRESS STATEMENT

Issued by

Zambia Consolidated Copper Mines Limited

Public Relations Department

Lusaka

Telephone 220572



Lusaka, Monday 18 January 1993 - Zambia Consolidated Copper Mines Limited (ZCCM) is not in a financial crisis and does not face closure, as reported in Zambia's weekly Post Newspaper of 8 - 14 January 1993.

ZCCM announced today that it continues to have the ability to sustain itself financially and maintain its operations by promptly meeting the Company's obligations locally and overseas.

Improved copper production of 251 512 tonnes for the seven months from 1 April 1992 to 31 October 1992 was 4.3 per cent above the target of 241 000 tonnes which is evidence that the Company is not on the brink of collapse as is implied in Weekly Post article. For the period 1 April 1991 to 31 October 1991, the Company only produced 211 591 tonnes of copper which is 19 per cent lower than that achieved from 1 April 1992 to 31 October 1992.

The Company emphasises that it is operating within the Capital and Operating Budgets as approved by its Board of Directors.

Commenting on the operating and financial results of the Company for the seven months to 31 October 1992, the Company achieved a sales value of K126 210 million (US \$754 million). The profit before tax for the seven months' period was K36 609 million (US \$219 million) against a budget of K17 220 million (US \$132 million). After income tax and tax on copper revenue paid to the Government of the Republic of Zambia amounting to K17 334 million (US \$103 million), the net profit for the seven months 1 April - 31 October 1992 earned by ZCCM was K19 275 million (US \$115 million) against a budget of K11 075 million (US \$85 million).

For the twelve months period from 1 April 1991 to 31 March 1992, the Company made a net profit of only K4 710 million (US

\$58 million). For the seven months ended 31 October 1992, the Company had a source for funds K60 785 million (US \$363 million) against an application of funds of K47 841 million (US \$285 million), leaving the Company with a cash in-flow of K12 944 million (US \$78 million).

For the twelve months period from 1 April 1991 to 31 March, 1992, the Company's cash in-flow was only K2 491 million (US \$31 million).

The Company has achieved a reduction in the unit cost of copper production at mine from US 73.5 cents per lb in the 1991/92 financial year to US 60.3 cents per lb in the seven months of 1 April to 31 October 1992. This has enabled the Company to become a competitive copper producer.

It should be noted that to date, ZCCM has met its debt repayment obligations in accordance with repayment patterns of the lender's agreements. No default has been called by any of the Company's lenders.

In its present financial position and the latest short-term forecast, the Company envisages to fulfil its operating and capital expenditure commitments both in foreign exchange and in local currency without resorting to any new borrowings in the immediate and short-term.

The Company's future capital expenditure programme is estimated at US \$2000 million for exploration, development of new ore sources and reinvestment in the key areas of operations. This funding is required over a period of 15 years i.e. 1994 - 2009 and not immediately.

ZCCM regrets the misleading Weekly Post report and assures employees and shareholders that the Company is not in a financial crisis nor is it on the verge of closure.

ZAMBIA CONSOLIDATED COPPER MINES LIMITED

CONSOLIDATED PROFIT/LOSS SUMMARY

| | SEVEN MONTHS ENDED 31 OCTOBER 1992 | | FINANCIAL YEAR ENDED 31 MARCH 1992 |
|--------------------------------------|------------------------------------|-----------|------------------------------------|
| | Actual | Budget | Actual |
| | K million | K million | K million |
| Sales | 126 210 | 106 425 | 111 855 |
| Cost of Sales | (76 950) | (75 112) | (79 344) |
| OPERATING PROFIT | 49 260 | 31 313 | 32 511 |
| Exchange loss | (5 968) | (10 391) | (8 609) |
| Interest charge | (9 777) | (5 227) | (9 861) |
| Interest income | 3 094 | 1 525 | 1 949 |
| Share of associated companies profit | - | - | - |
| Rationalisation costs | - | - | (1 381) |
| PROFIT BEFORE TAXATION | 36 609 | 17 220 | 14 609 |
| Taxation | | | |
| Income tax | (13 010) | (6 145) | (8 840) |
| Tax on copper revenue | (4 324) | - | (1 059) |
| NET PROFIT | 19 275 | 11 075 | 4 710 |
| Exchange Rate | K100 = US \$0.45 | | K100 = US \$0.74 |

Rifkind warns on military deployment

By Robert Mauthner and Ivo Dawany

MR MALCOLM Rifkind, Defence Secretary, yesterday said that the UK should not commit military forces to international peace enforcement operations where there was no military solution but merely public clamour for "something to be done."

In an obvious reference to demands for greater international military involvement in the Bosnian conflict, Mr Rifkind said: "It is our servicemen who have to bear the risk, not those who call for their deployment."

His speech to the Royal United Services Institute was highlighted by Downing Street as a clear statement of the government's thinking at a time when anxiety has risen markedly at Westminster over the extent of Britain's military commitments overseas.

At the same time, however, senior officials confirmed that Britain expected to be asked to contribute to a 3,500-strong United Nations force for the Kuwait-Iraq border and anticipated a formal request to provide defence forces from the Kuwaitis.

It was hinted that the request from Kuwait would be considered sympathetically, while there remain reservations as to whether Britain should also supply personnel to the UN Gulf peacekeeping force.

Mr Rifkind used his address to spell out the criteria lying behind the deployment of the armed forces.

"We should not put them into danger unless we are satisfied that there is a real military task for them to do, a realistic prospect of their achieving it and a degree of risk to their physical safety which is not unacceptably high," he said.

Governments had to be careful about assuming that military action was, in all cases, the answer to serious international crises. From time to time, the UK would have to stand out publicly against the use of force and decline to contribute to international military operations because they entailed "open-ended commitments" or were not in the national interest.

The UK had consistently refused to commit ground forces in Bosnia "in an intervention role," as distinct from a humanitarian role, for such reasons, the Defence Secretary said. But he stressed that any attempts to fly combat planes by the warring factions would be viewed with "the same seriousness" as in Iraq. It was "highly desirable" that the no-fly zone over Bosnia should be enforced, he said.

Drop in retail sales dents recovery hopes

By Emma Tucker, Economics Staff

HOPES for a recovery in consumer spending wavered yesterday after official figures showed that retail sales fell in December.

A 0.7 per cent drop in the volume of shop sales last month compared with November disappointed expectations of a small rise after a busy period around Christmas was believed to have boosted trade. The news sent the pound sharply lower against the D-Mark as investors weighed the possibility that the latest figures might encourage the government to cut interest rates. Sterling closed down two pence at DM2.4750.

A survey from the London Chamber of Commerce out today is likely to add to gloom about the economy with its message that there are no signs of recovery in the capital. The seasonally-adjusted figures from the Central Statistical Office showed that although sales fell on the month, they were 1.2 per cent higher in December on a year-on-year basis. This followed only a marginal annual increase in November.

The figures underlined the disappointing results of a Confederation of British Industry survey published earlier this week which also showed a drop in the volume of December sales. However, analysts warned against reading too much into one month's figures, particularly in December when seasonal adjustment is more open to error because of the distorting effect of Christmas.

Pressure intensifies for tobacco advertising ban

By Alan Pike, Social Affairs Correspondent

PRESSURE on the government to ban cigarette advertising intensified yesterday when a cross-party committee of MPs supported the move.

The House of Commons health committee urged the government to support proposals to restrict tobacco advertising to points of sale when they are considered by EC health ministers later this year. It said that if Britain dropped its opposition, it would require the support of only one more country for a directive banning advertising to be adopted.

"The government cannot continue to procrastinate on the issue of an advertising ban on the grounds that it is awaiting a level of proof about its effectiveness which is in the nature of things unobtainable," said the committee.

Yesterday's report was welcomed by organisations campaigning for a ban. The British Medical Association said the committee's acceptance that advertising increased tobacco consumption was a "victory for commonsense." But the Tobacco Advisory Council, the industry's trade association, said the report leant "too heavily on data which are seriously flawed, muddled and unsubstantiated."

Mrs Virginia Bottomley, health secretary, said the government accepted that effective controls on advertising were necessary, which was why it had developed stringent voluntary agreements with the tobacco industry.

As Labour mounted its first significant offensive against the government during the treaty's Commons committee stage, Mr Tristan Garel-Jones, junior foreign office minister, said approval for the amendment would mean MPs approving legislation different to that agreed at Maastricht.

"Therefore it would not be possible for the UK to ratify the treaty," Mr Garel-Jones said. But Mr Jack Cunningham, Labour's foreign affairs spokesman, said he knew the party would create a dilemma for the government. "The problem has a simple solution - to include the social chapter in the Maastricht treaty," he said.

Mr Cunningham said the other 11 European Community states had told Labour that they would be "happy" to see Britain abandon the specially-tailored protocol which allows it to opt-out of the social chapter, which deals with employment rights and state benefits.

Challenged by a Tory MP about whether it would mean the other countries re-ratifying the treaty, Mr Cunningham retorted that the others "have already accepted the social chapter."

Labour regards re-inserting the social chapter as its principal objective during the Commons stages of the bill. The party's chances of winning approval for its amendment depended on how the Tory Euro-sceptics, who oppose the social chapter as much as the opposite Maastricht itself, decide to vote.

Banks and building societies around the UK experience seven high street raids every day, according to the Banking Insurance and Finance Union. BIFU called for urgent action to improve security, train staff and provide better support for those involved in raids. It also called on the government to toughen laws on carrying, advertising and distributing replica weapons.

The National Heritage Select Committee has appealed to the government to ensure that football pools - the prize draw based on weekly soccer results - and the new National Lottery would operate "on a level playing field."

The Committee rejected the arguments of Mr Peter Brooke, the National Secretary, that football pools were a game of skill rather than effectively a lottery and therefore

Commission aims to break Ulster logjam

By Jimmy Burns in Belfast

MOVES aimed at securing a political settlement in Northern Ireland continued yesterday, not in the stately setting of Stormont or Dublin Castle, but in a rundown Belfast arts centre.

An independent commission of enquiry chaired by Professor Torkel Opsahl, an international human rights lawyer, and composed of academics and former government officials including Mr Eamonn Gallagher, a former EC Commissioner, has held public hearings to gauge local opinion on the search for peace.

The commission, funded by charities including the Joseph Rowntree Trust, is the idea of Initiative 92, a non-political group led by Mr Robin Wilson, a local journalist, and Professor Simon Lee, a law professor at Queens University.

It arose out of frustration over the continuing absence of an agreement between the political parties and the persistent campaign of terrorist violence. Mr Wilson says it "offers the best chance for an opening in the political logjam here".

Its aim is to encourage a climate of debate and tolerance, while focusing people's minds on possible compromises. By early summer, it intends to make distill the written and oral evidence into proposals which might command popular acceptance.

Unionist party leaders have have boycotted the hearings, accusing the commission of setting out to undermine the

MPs split on railway privatisation

MR JOHN MacGregor, transport secretary, was yesterday battling to defend his rail privatisation in the run-up to tomorrow's publication of the Railways Bill, Richard Tomkins writes.

But there was some relief for him when it emerged that one of the main focuses of opposition to his plans - the cross-party Commons transport select committee - was split.

Yesterday the committee produced an interim report which had been expected to be highly critical. Instead, it confined itself to raising a series of "unresolved issues."

It later emerged the report had been agreed only after one Conservative member of the committee had insisted on substantial amendments.

Hostility to the government's proposals has thrived amid growing confusion over what they mean for freight and passenger customers. The confusion has arisen because the plans for BR involve a mix of continued state ownership for railway tracks, sale for the freight operations, and a contracting passenger services.

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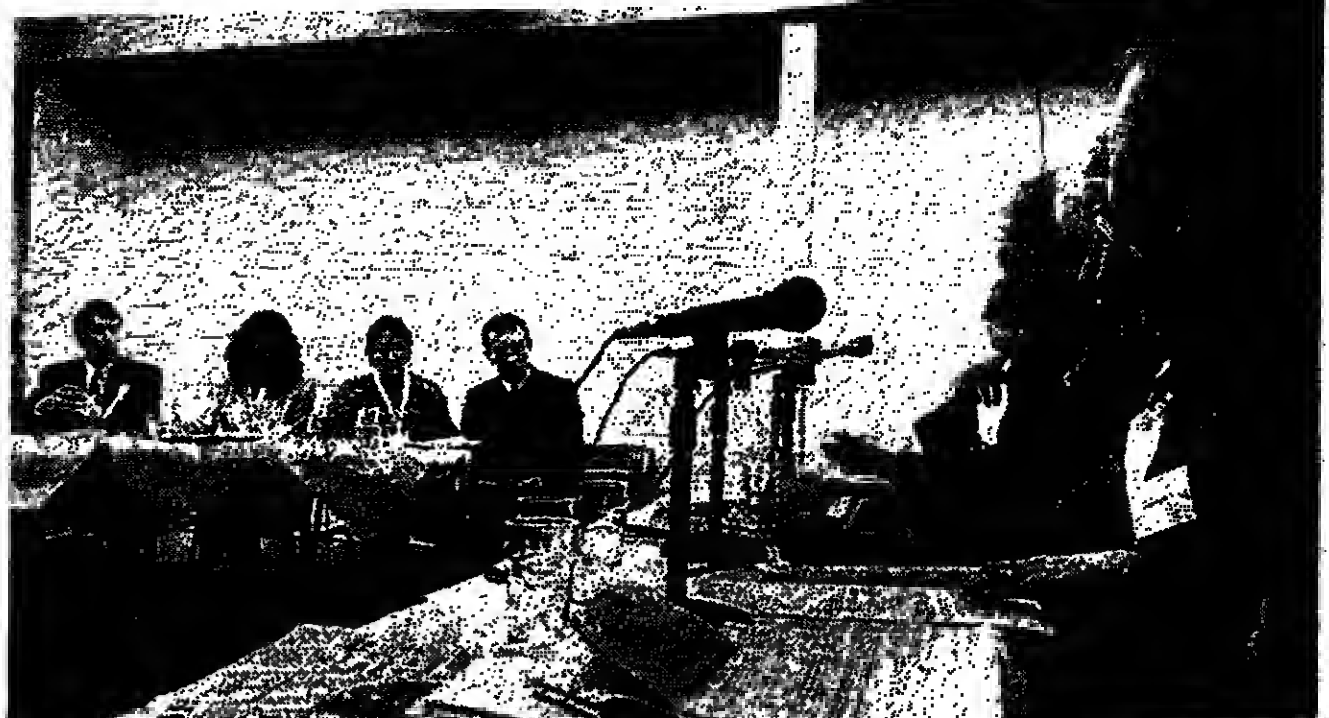
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Peacemakers: members of the commission (right) listen to evidence in Belfast yesterday from Sinn Féin delegates

condemn violence. Earlier, the former head of the Northern Ireland civil service Sir Kenneth Bloomfield said: "I think the situation is ripe to move forward."

Beyond good intentions, the commission faces an uphill struggle to draw up an agenda which might be of use to the politicians.

The commissioners say the submissions display widespread disillusionment and apathy, while providing little

Jaguar seeks to increase sales by 25%

By Kevin Dore, Motor Industry Correspondent

JAGUAR, the luxury car maker, is seeking to increase sales worldwide by more than 25 per cent this year to around 28,300, Mr Nick Scheele, chairman and chief executive, said yesterday.

The company, a subsidiary of Ford of the US, is trying to halt the drastic decline it has suffered in the past four years in which its sales have more than halved and in which it has fallen into heavy losses.

Mr Scheele said Jaguar was aiming to launch its planned range of smaller sports saloons

to compete with the likes of the BMW 5 Series - by 1993.

The company would decide in the spring whether the new car code-named X200 would be part of the world luxury car programme, DEW98, currently being planned by Ford in the US to provide a range of medium-sized luxury cars for both North America and Europe.

Jaguar said that its retail sales worldwide fell last year by 12.4 per cent to 22,478 - the lowest level since 1982 - from 25,951 in 1991 and from a peak of 49,494 in 1988.

Production fell last year by 10.5 per cent to 20,533 - from the lowest level since 1981 - from

23,091 in 1991 and from a peak of 51,939 in 1988.

Mr Scheele said that the company's financial performance had improved last year from a record pre-tax loss of £226m in 1991, but he refused to disclose detailed figures.

Jaguar forecast yesterday that the main impetus for its recovery would come from the US, where it is seeking to increase sales by more than 40 per cent this year to 12,500 from 8,631 last year.

In Germany it is seeking to increase sales to more than 3,000 this year from 1,881 in 1991. In Japan, where sales fell by 36 per cent last year, Jaguar

aims to raise registrations to 2,500 from 1,501 last year.

Jaguar is also seeking to enter new markets in order to bolster worldwide sales and this year it plans to sell to China for the first time. Importers have been appointed in the Czech Republic, Slovakia, Slovenia, and Hungary - with sales due to start shortly - and Jaguar will meet potential distributors in Russia and the Ukraine soon.

It is also seeking to create a presence in South America - helped by local Ford subsidiaries - where it is currently represented only in Chile and in Paraguay.

not entitled to similar treatment. As a result the Committee recommended that the Lottery, which will have a top prize of more than £1m a week, and the pools be treated equally in the way they are marketed and sold.

The capital costs of restructuring medical education and research under the government's Tomlinson report recommendations for London healthcare would be between £140m and £180m, according to a study by KPMG Management Consulting.

The report, commissioned by London University, says these costs could not be offset by revenue from the sale of surplus property and existing capital grants. Even at the lower end of the projected range of costs, there is a "substantial shortfall." Assuming successful property sales, the report puts the university's net capital costs at £70m to £140m.

Workers at the GEC-owned Yarrow shipyard in Glasgow have voted to strike in protest at a non-consolidated £300 lump sum pay increase. The 1,240 to 37 vote came after management rejected a 3 per cent claim backdated to July.

Britain's largest insolvency practitioners has called for urgent changes to the insolvency law to save British companies from failing. The Insolvency arm of Conpers & Lybrand, the accountancy firm, urged reforms of the 1986 Insolvency Act to foster a "rescue culture" to remove the stigma of insolvency.

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Alleged industrial espionage could have cost group millions of pounds

Car park company spied on rival, jury told

By John Mason, Law Courts Correspondent

INDUSTRIAL espionage allegedly ordered by Mr Gordon Layton, the former chief executive of National Car Parks (NCP), could have cost his main business rival many millions of pounds, an Old Bailey jury heard yesterday.

Mr Stephen Tucker, the former head of Europarks, the car parking company, said he had "lost the future" of his business after it became public knowledge that KAS, a security company, had allegedly spied on Europarks for NCP.

Europarks had become "damaged goods" when it became known that NCP had obtained confidential information about its business rival, Mr Tucker said.

Documents allegedly obtained by KAS for NCP would have been very valuable to a business rival, agreed. These included documents about potential sites, Europarks' financial position and plans to turn it into a public company. His company was left in a very poor position to compete with NCP and potential purchasers of Europarks were well aware of its most sensitive information was in the hands of NCP, Mr Tucker said.

In 1990, Mr Tucker told his company to NCP for £3.3m and accepted £1m damages, the court heard. Morgan Grenfell, merchants bankers, had advised him to company was worth between £5m and £15m, he said. Had he been able to run the company for another 10 years, it might have been worth more than £40m, he said.

Mr Layton and Mr Simon Hewitt, a former KAS employee, both deny conspiring to defraud Europarks by dishonestly acquiring information relating to its business affairs between January 1987 and November 1988.

On Monday the court was told by Mr David Paget, prosecuting, that Europarks directors were followed to their homes, that their dustbins were searched for confidential information and that a former woman Army captain had tricked her way into a secretarial job to gain access to business secrets.

Mr Layton had hired KAS, set up by Colonel David Stirling, founder of the Special Air Service - the crack UK military unit - after Europarks began winning lucrative contracts for car parks, Mr Paget said. Mr Layton was concerned there was a leak from NCP to Europarks and wanted to know how the company was getting business in the teeth of competition from his own enterprise. The trial continues today.

Some market-watchers believe the UK will lose about 5,000 of its 20,000 sites in the next decade. This will partly be a result of the inability of some stations to invest in the type of environmental and safety standards required by government and European Community legislation.

Shell estimates it costs £12,000, for example, to equip a new service station with twin-walled petrol tanks - an EC requirement being phased in over the next two years.

In addition, companies have to spend about £14,000 to recycle the water used in the car wash, £4,000 on measures to stop tanks over-filling and £6,000 to remove old storage tanks, according to Shell.

"We want people to know that when the price goes up, it is also driven by the need for

Tight profit margins block flow of cheaper petrol

Deborah Hargreaves assesses the pressures on oil industry prices

Those cuts were made on the back of a drop of \$3 a barrel in world oil prices since October.

Given that prices have since fallen by a further \$1 a barrel, it would be surprising if companies were seeking to justify this week's price increases with the usual arguments about higher world prices. Nor do they blame changes in the dollar-sterling exchange rate (international oil trade is priced in dollars).

Rather, Shell is unhappy that ruthless competition in the market has pared margins to the bone, making it difficult to pay for increasingly tough environmental measures.

Mr David Pirret, general manager of Shell's retail division, says: "In a tough market-place where prices have to give Shell and its retailers adequate profitability to fund the

increasing investment required to meet safety and environmental standards, prices now have to move back up."

Shell estimates that it costs \$92,000 more to build a service station than it did 10 years ago because of tougher environmental standards. But intense competition among petrol retailers has kept returns to the industry low.

"Neither retailers nor oil companies are making enough money in this business to fund the environmental improvements needed," says Mr Bruce Petter, director of the Petroleum Retailers Association.

A Shell official comments: "There's no question about our regretting that December cut in prices. It was good for us."

This means that Shell increased its market share in an intensely competitive busi-

ness. While oil companies are competing fiercely for market share between themselves, they are also facing an assault on their business from supermarkets and hypermarkets.

Such businesses have doubled their share of the petrol market in the past two years, from about 6.8 per cent at the beginning of 1991 to about 15 per cent now.

The ability of supermarkets to undercut oil companies has arisen partly from over-capacity in the oil refining sector. Some oil companies are running too much oil through their refineries, leaving them with a glut to sell cheaply to hypermarkets.

It is a vicious circle that is bound to end up in a contraction of the service station market over the next 10 years.

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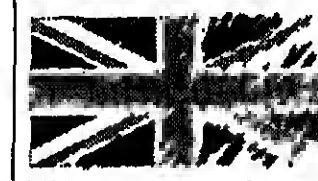
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Britain in brief



House sales show signs of revival

House sales have risen sharply in the past two months, according to estate agents, builders and mortgage lenders, indicating that a revival may have begun in the UK housing market. December is normally a poor month for sales, which have continued to increase in the first few weeks of this year.

Prices, which have fallen steeply since 1988, may also have begun to stabilise, according to a new survey of more than 150 estate agents.

More than 40 per cent of agents questioned by the Royal Institution of Chartered Surveyors said prices had remained static during the three months to the end of December. This compared with only 25 per cent of agents reporting stable prices in October and November.

Strike vote

Workers at the GEC-owned Yarrow shipyard in Glasgow have voted to strike in protest at a non-consolidated £300 lump sum pay increase. The 1,240 to 37 vote came after management rejected a 3 per cent claim backdated to July.

'Rescue' call on insolvency

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TECHNOLOGY

Getting ideas to market

Companies that race ahead on innovation do not always win in the marketplace. Some fail miserably. This harsh message was spelled out by John Kay, professor of economics at the London Business School, at a seminar yesterday in London. "Firms are failing to understand that technological innovation has to be used in conjunction with other factors."

Kay, also chairman of the London Economics consultancy, said the most innovative companies were not always those able to make a commercial success out of their technological achievements. Nor were technological advances enough to combat competition from low-wage countries.

At the seminar, organised by the Economic and Social Research Council, he noted that by most criteria, Glaxo, the pharmaceuticals company, was the most successful British company of the past decade. However, "its success is based not on the originality of its innovation, which is modest, but on the effectiveness with which it exploited this. There is a lesson there for all British companies."

European companies generally are worse at making a success out of innovation than those in the Japan and the US, he reckoned. Philips, the Dutch electronics group, has an impressive technological record but a poor financial one.

Kay said managing innovation could be costly and uncertain; some innovations might be technically successful but not profitable. Also, many companies do not know how to prevent technology "running away" with their organisation or how to integrate it effectively (as with financial service concerns).

Kay warned, too, that the rewards of innovation are hard to collect, since financial returns must be defended from competitors, suppliers, customers and groups within the company itself. The weakness of innovations is that they can often be copied easily.

Andrew Fisher

The day may not be far off when personal computer users who need to take large quantities of data on trips will carry a miniature hard disc drive in their pockets instead of taking several copies of the ubiquitous 3.5-inch floppy disc.

This would be a boon to business people on the move such as managers and accountants. They would be able to transfer data such as company accounts and archive documents from their desktop computers, get on an aircraft and slot the hard disc drive into another machine at their destination.

The advance would be made possible by the recent invention of extremely small hard disc drives covering no more surface area than a credit card and with a thickness of only 10.5mm. A Scottish company, Calluna Technology of Glenrothes in Fife, has designed the first 1.8-inch drives with 85-megabyte data storage (the most powerful in this size). It will start assembling the new drives this spring.

The new drives are initially intended for use in slim sub-notebook-size computers which currently do not have disc drives. From an early stage, they will be removable.

At present, users of portable machines face a dilemma. They can buy a computer in the so-called notebook range with both hard disc and floppy drives. But the machines weigh about 7lb, and may also need battery chargers or power packs: this is a strong disincentive to carrying them around every day.

Alternatively they can buy a sub-notebook computer which might weigh about 2lb but with internal memory of no more than 1Mbyte. This can be augmented by inserting memory cards, a type of semi-con-

James Buxton monitors an innovation which may give greater flexibility to computer users on the move

Mini-discs with a megabyte

ductor which currently offers between 1Mbyte and 2Mbyte of extra storage. But these will not give the storage capacity provided by their desktops.

The new miniature hard disc drives will make life easier for busy, mobile users - though they will still have to negotiate the tiny keyboard. When a desktop interface for this size of miniature drive becomes available, possibly later this year, they will load their sub-notebooks with data from their desktops and obtain a performance that is comparable to that of their larger machines.

The Calluna team responsible for this breakthrough previously worked for Rodime, a Glenrothes company which was highly successful in the early 1980s, producing the world's first 3.5-inch disc drive. But after a series of setbacks, Rodime put its manufacturing operations into receivership in 1991 and now just licenses its technology.

Norman White, Rodime's former technical director, founded Calluna, of which he is now managing director, with five ex-Rodime colleagues

in late 1991. The company has assembled a financial package which, including supplier credits, totals about £5m, with equity from 3i, Innolux and Altus Finance (two offshoots of Credit Lyonnais), and Scottish Enterprise (the official development body for Scotland).

Calluna's achievement was to get two 1.8-inch (48mm) discs within the 10.5mm thickness specified in the Type III format agreed by the Personal Computer Memory Card International Association, the US body formed to promote the use of memory cards. Rival designers have so far only squeezed one drive into the format, obtaining half the storage capacity of Calluna. The Scottish company has also made advances in reducing the amount of power needed to run the drive.

Calluna will assemble its drives in a semi-automated process employing up to 100 people and using sub-assemblies from component makers in the Far East. It will offer the drives in two versions: one for permanent installation into the sub-notebook computer by the original equipment manufacturer, and

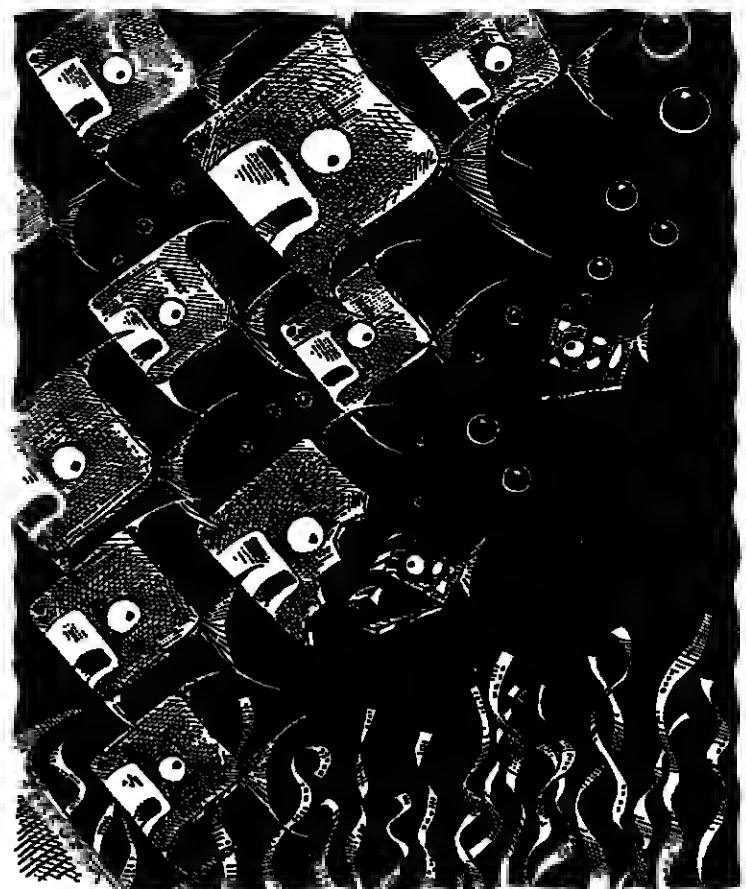
the other in a portable version.

White says the drives will initially be sold to OEMs, mostly in Taiwan and Hong Kong, to obtain their validation for the removable version which might be sold directly by dealers for installation in sub-notebooks.

"Expressions of interest from computer makers in the Far East are especially strong for our removable version," says White. "The OEMs are talking about the second and third quarters of 1993." Calluna's target market for the removable version is likely to be Europe where it will be the only indigenous manufacturer of 1.8-inch drives.

Calluna will concentrate on the high performance end of a market which could total 1m units in 1993 and 3m by 1994, and perhaps be worth \$1bn (£600m) over five years. Its plant will have the capacity to produce up to 500,000 a year.

Andrew Baul-Lewis, an analyst with International Data Corporation, says: "There is potential for that product in the computing market. It depends on pricing, performance and constantly increasing



the capacity of the drive."

How much will the new drives cost? White says the OEMs might be charged \$5 per Mbyte of storage making \$400 per drive, compared with \$30 per Mbyte in memory cards. But the price will fall if the product takes off.

Success will have its risks. Calluna is embarking on the difficult path of bringing a product to market and leading in a field where competition is bound to intensify. Sceptics will point out that these were challenges which ultimately defeated Rodime.

Patent troubles create trauma and cost

A brown six-inch-thick box landed on the desk of Clive Shipley, joint managing director of Bath Scientific, a small west country electronics group, last September. It was to transform what was expected to be a record year for the small UK company into a four-month trauma that has not yet ended.

The box, from the International Trade Commission in the US, detailed allegations by a US competitor, Integri-Test, that it was trading unfairly in selling its equipment to the US, infringing three patents held by the competitor which apply to moving probe systems measuring capacitance and resistance. It called for a temporary exclusion order against Bath Scientific's products - mainly moving probe systems to

test computer circuit boards.

For Bath Scientific such an exclusion order would spell disaster: "This could put us out of business," Shipley said. While the company, with just 25 staff, claims to be a world leader in a small and highly specialised market in which it may take up to two years to make each probe, it sold just 20 units last year. Earnings totalled £1.4m, with half of sales in 1992 made in the US.

The unpleasant twist was that the cost of contesting the case in US courts might put Bath Scientific out of business just as easily as the loss of the US market. A one-week hearing by the ITC in Washington last month has cost the better part of \$250,000 (£164,000), wiping out all of expected 1992 profits.

The cruel - and perhaps not acci-

dental - irony is that the action comes at exactly the point where Bath Scientific's business appears poised for dramatic growth. The accelerating trend towards miniaturisation in the electronics industry means manual testing of components is less practicable. The company saw 40 per cent growth in sales between 1991 and 1992, and projects annual growth of 50-100 per cent in the three years ahead.

Mercifully for Bath Scientific, the ITC court has ruled initially in its favour. It found that there were other technologies similar to, and predating, Integri-Test's patents, and that Bath Scientific was not using the same technology anyway. Shipley went further last week, dismissing the patent claims as ludicrous: "Putting patents on measure-

ment of capacitance and resistance is like trying to patent gravity, or air."

But the case is not yet won. Just two days ago Integri-Test called on the ITC to review and reverse its decision, promising new evidence before the October deadline for a permanent ruling. It still insists its patents "are valid and enforceable".

The problem facing Bath Scientific is not uncommon for exporters to the US, and illustrates international concern that US laws intended to protect small domestic companies against unfair foreign competition by larger foreign companies are being abused for wider protectionist reasons.

Many US companies have found that the mere act of bringing a case can scare foreign competitors from

the market. Investigations are launched before careful evaluation of the evidence provided by the US company. Once a case is launched, legal costs are unavoidable. Faced with the prospect of expensive legal action, exporters often decide the sensible course is to lick wounds and withdraw from the market - particularly small companies.

"A normal patent action would take up to six years," Shipley said. "We are confident that we could prove we are right. The problem with this action is that the US government provides local companies with a powerful lever just by having the procedure in place." It is possible that Integri-Test hoped for exactly this result after arguments for the past six years with Bath Scientific over patents. The UK

company says Integri-Test refused a "cross-licensing" arrangement, suggesting a main aim was to exclude Bath Scientific from the US market. Integri-Test counters that Bath Scientific refused its own proposal for a licensing fee to use the patents.

Integri-Test possibly misjudged how the critical importance of the US to Bath Scientific gave it no option but to defend the action. Unless the ITC reverses its December decision, Integri-Test will no longer be able to seek protection behind patent claims, instead being forced to vie on technological merit with its UK competitor. But Bath Scientific may have to wait until October for the threat to be lifted. Meanwhile, legal fees mount.

David Dodwell

FT Lunch for a Fiver.

Two for a Tenner.

On Saturday January 9 the Financial Times announced the introduction of the "FT Lunch for a Fiver" with over 130 restaurants participating nationwide.

On weekdays from Monday January 18 until Friday January 22 inclusive, you are being offered an "FT Lunch for a Fiver" menu at participating restaurants. These will be listed daily, in the Financial Times and published in full this Saturday, January 23. The "FT Lunch for a Fiver" menu is for two courses (although some restaurants are offering three). Drinks, coffee and service are extra.

RESTAURANTS

| | | | |
|--|-------------------|--|-------------------|
| Bahn Thai, 21a Fifth Street, London W1 | Tel: 071 437 8504 | La Rive Gauche, 61, The Cut, London SE1 | Tel: 071 928 8645 |
| Balzano, 4 Wood Lane, London W12 | Tel: 081 743 6787 | Sheeky's, 28-32 St. Martins Court, London WC2 | Tel: 071 240 2565 |
| Belgo, 72 Chalk Farm Road, London NW1 | Tel: 071 257 0718 | Smollensky's on the Strand, 105 The Strand, London WC2 | Tel: 071 487 2101 |
| Brasserie du Marché, 349 Portobello Road, London W10 | Tel: 081 968 5828 | Villandry Dining Rooms, | |
| Café des Arts, 82 Hampstead High Street, London NW3 | Tel: 071 435 3608 | 89 Marylebone High Street, London W1 | Tel: 071 487 3816 |
| Canal Brasserie, 222 Kensal Road, London W10 | Tel: 081 960 2732 | Zoe, 3-5 Barratt Street, London W1 | Tel: 071 224 1122 |
| Drones, 1 Port Street, London SW1 | Tel: 071 236 9638 | Café Rouge, 865 Fulham Road, London SW3 | Tel: 071 371 7800 |
| Frederick's, Camden Passage, Islington, London N1 | Tel: 071 359 2888 | Café Rouge, 6-7 South Grove, Highgate Village, London N6 | Tel: 081 342 9797 |
| Gilbert's, 2 Exhibition Road, London SW7 | Tel: 071 589 8947 | Café Rouge, 19 High Street, Hampstead, London NW3 | Tel: 071 433 3404 |
| Graham's Seafood, 38 Poland Street, London W1 | Tel: 071 437 0975 | Café Rouge, 31, Kensington Park Road, London W11 | Tel: 071 221 4448 |
| Ming, 35-36 Greek Street, London W1 | Tel: 071 734 2721 | Tuttel, 17-20 Kendal Street, London W2 | Tel: 071 724 4637 |
| Patio, 175 Westbourne Grove, London W11 | Tel: 071 221 6624 | Wheeler's, 1-4 South Molton Street, London W1 | Tel: 071 628 2471 |
| Pizzicato, 34 Rupert Street, London W1 | Tel: 071 734 0122 | Wheeler's, 20 Dover Street, London W1 | Tel: 071 628 5417 |
| Restaurant and Arts Bar, | | | |
| 75 Wigmore Street, Jacobs Court, London W1 | Tel: 071 224 2892 | | |

Tomorrow's listing will include more London restaurants

We are also running a competition to enter a free prize draw in which you could win a weekend for two at Gidleigh Park, Chalfont St Giles, Bucks.

Every weekday, from 11th-29th January, the Financial Times poses an "FT Lunch for a Fiver" question. Answer any 10 of the 15 questions. (Clue: The answer is the name of a restaurant given in that day's listing). Complete an entry form which will be published every day between 25th-29th January and send them to us at the address given below. Your comments on your favourite "FT Lunch for a Fiver" menu will also be welcome.

QUESTION 9: Buzzers? Doctors have one installed!

ANSWER 9:

Answer this question, together with 9 others published during the competition period, and send them, together with a completed entry form to "FT Lunch for a Fiver", Number One Southwark Bridge, London SE1 9HL, to arrive no later than Friday February 12 1993. The prize draw will be made on Monday February 15 1993. The sender of the first correct entry drawn after the closing date, from all the entries received, will be declared the winner. Full details of the competition and previous questions are available from the Marketing Department of the Financial Times at the address given above, or on Tel: 071 873 3670.

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MANAGEMENT: MARKETING AND ADVERTISING

Farmers reap rich public relations crop

In recent years, farmers in the big industrialised countries have been responsible for some of the most successful public relations campaigns ever launched. In countries such as Japan, the US and France, the result has been an accumulation of political power and protection as well as economic and commercial clout on a scale out of all proportion to their relatively small numbers and the amount of money spent. In this special marketing report, FT writers look at some of the media and lobbying techniques that have been so successfully employed.



Japan cultivates a culture

WHEN Japanese farmers last month took to the Tokyo streets in tractors to show anger at proposed rice market reforms, each of the pre-selected 50 tractors was assigned a number and all were driven in an orderly formation along a pre-arranged route to ensure that there would be no unsolicited inconvenience to fellow Japanese.

In planning protests such as the tractor drive, the farmers' movement wants to highlight rice as the essence of Japanese culture and farmers as the protectors of that tradition. But the strategy generally does not include the shock tactics employed by European farmers, as such rowdiness is regarded as a threat to the image of the stoic farmer who braves the elements to fill the family rice cooker each evening and preserve a semi-spiritual ritual.

Apart from fostering the folksy image, the defence of the rice market campaign also includes undermining the reputation of foreign rice. Consumer groups contribute to the cause, as some of these organisations have links with Japan Agriculture, the farmers' representative body, and regularly produce pamphlets warning that foreign farmers use dangerous chemicals in food production.

A video, "Imported Rice Is Dangerous", was produced last year by the well-meaning if protectionist Japan Offspring Fund, whose members have links to farmers' groups. The video traces the tragic lives of weevils in three containers of rice, one housing the homegrown product, another filled with Australian rice, and the third containing American rice.

A flourishing family of 50 weevils was added to the US rice and, allegedly due to the effects of insecticides, 10 of the weevils were dead within four days. The fate of the weevils in the Australian rice was worse, with all 50 weevils passing away within a week. Naturally, the weevils in the Japanese rice lived happily ever after.

At the time of the beef liberalisation debate four years ago, a short film made in praise of Japanese beef depicted a typical family becoming physically ill after consuming imported meat. After criticism from the US and Australia, the film was shelved, and Japanese government officials advised agricultural groups to employ more subtle means in their campaign to protect markets.

Officially, 6.7 per cent of Japanese earn their living through primary industry, down from 48.3 per cent in 1950 and 30.2 per cent in 1990, though the actual number relying solely on agriculture for income is

estimated at 3 per cent. Convincing the rest of the population to subsidise these lifestyles through taxation and by paying six times more than the world price for rice has generally been made easier because rice is an important symbol for Japan.

On JA billboards, farmers are pictured in muddy paddy fields or atop small tractors at harvest time, but the message remains much the same - these farmers are not merely raising a crop, they are cultivating a culture. To enhance that image for city slickers, most local farmers' associations conduct tours of rice growing areas and allow the urban man or woman to meet rural people.

Most urban Japanese have rural roots, but the links have become more tenuous with each new generation. In an attempt to interest younger Japanese in the issue, farmers have embraced the "environment" theme, arguing that the countryside would be devastated if the paddy fields were converted and warning that flooding could become more common because of the change in the landscape.

A "hucket rice" campaign is designed to bring the joys of life on the land to those who must endure small apartments in Tokyo or Osaka. Farmers delivered rice seeds, fertiliser and instructions to 200,000 urban dwellers, who then raised their own small crop in a bucket. A JA official said the campaign educated children "who don't know when a rice plant matures" and allowed city families to eat their own rice, re-establishing their link with nature.

Fourteen rice producers' organisations have launched a ¥700m (£3.7m) advertising campaign to make rice more appealing for Japanese youth, as national consumption has fallen annually by 1.5-2 per cent over the past decade. The idea of the campaign, one sponsor explained, is to convey a strong visual impression, so that when a young person is hungry they will immediately think of rice.

Robert Thomson



US takes the message to heart

ALTHOUGH weary of high taxes and wary of the budget deficit, Americans this year will pay out to their farmers subsidies worth about \$17bn (£11bn), almost twice as much as in 1992.

Outside Washington DC, where the federal budget cutters are frantic for new prey, almost no one will complain. Americans are likely to donate \$1m-\$2m to farmers down on their luck through Farm Aid in April, when country singer Willie Nelson and his friends turn out for their sixth fundraising concert.

Americans are pre-disposed to revere the farmer, from the time they are children singing "Old MacDonald" to their first picture books about Farmer Bill and his barnyard animals. A large number are still only one or two generations away from the farm.

A romantic image has emerged of honest, hardworking farm families struggling against drought, blizzards and big government. For Americans fed up with the strains of urban life or the commute from the suburbs, the farmer remains a nostalgic symbol of times when life was simple.

A CBS/New York Times poll, taken in 1986 at the height of the US farm crisis, found that 55 per cent of Americans would pay higher taxes to help farmers.

"Americans think farmers deserve special treatment," the poll concluded. "A majority think keeping small farms in operation is so important that the government



should make a special effort to keep small farms in business. Relatively few blame the farmers themselves for their difficulties."

These perceptions persist today, and are aided and abetted by sympathetic journalists and movie makers, who are carefully cultivated by industry "outreach" programmes. The State Association of Co-operatives, for example, promotes a Weekend at the Farm scheme for public officials, congressional aides and journalists.

Besides the Four-H clubs and Future Farmers of America organisations, which promote farming-related activities in schools, funding from state and federal level and agribusiness goes to Agriculture in the Classroom. The programme educates children in the cities and suburbs about farming.

Communicating for Agriculture, a non-profit organisation with 80,000 members, is a powerful lobby for farmer interests at both state and national levels. It convinced 27 states to create insurance pools for farmers who cannot get catastrophic health insurance. It also brings foreign students to US farms and awards scholarships.

The large agribusiness companies which dominate many sectors of US agriculture are reluctant to disclose details of their image-enhancing efforts. But they have been quick to capitalise on the family farmers' positive image in television advertising.

"Every year the importance of this land increases," says the Archer Daniels Midland Company in one of its slick television spots. "Because every year there are a lot more mouths to feed - over 95m more. Fortunately, the food ingredients that ADM makes from an American harvest can help feed people the world over."

It is not by coincidence, notes one farm lobbyist, that ADM is receiving subsidies for ethanol and price supports for the maize used in sweeteners.

"Commercialism often promotes a vision of agriculture that is beautiful and colourful," said Jeff Smidsrud, a Communications for Agriculture official. "But I'm not at all sure it is that accurate. The public has no clue about the reality of modern agriculture."

Carol Brookins, a Washington DC agriculture consultant, says the public receives a distorted view of farmers. "There is not the perception that agriculture is a modern dynamic contributor to the US economy and a creative and innovative

industry." When it comes to marketing their products, farmers have shown they are by no means country humpkins. The various commodity groups - ranging from beef and dairy farmers to watermelon producers - organise co-operative advertising and marketing campaigns. One of the most successful is the National Pork Producers Council's "Pork, the Other White Meat".

It was launched five years ago, when concern over the high fat content of meat was depressing per capita consumption an average 4.5 per cent a year. Since then, sales have risen between 0.5 and 1 per cent a year with each 1 per cent gain representing an additional \$20m in sales.

It is compelling evidence that a group of farmers, who were thought to be an endangered species, can survive and thrive by harnessing modern marketing methods to an old-fashioned image.

Nancy Dunne



France blends shock with sweet reason

FRENCH farming organisations have a misleading international image of resorting solely to organised disruption to get their message over to the public.

Television images of manure-spattered town halls, mounds of burning produce and spectacular traffic jams caused by tractor roadblocks are perceived by many to be the stock in trade of France's intransigent farmers, in their demonstrations against the production and price cuts imposed by reforms of the European Community's common agricultural policy.

Certainly, the temperature has increased as the CAP reforms begin to bite, yet the French farmers' communications strategy is more complicated and subtle than that. Officially, the body responsible for shaping and delivering the agriculture industry's message to the public is the main union, the Fédération Nationale des Syndicats d'Exploitants Agricoles (FNSEA).

Yet holding a common line is hard for the FNSEA because it is a fragmented federation, including under its vast umbrella farming unions from France's 96 mainland

departments, stretching from the rich cereal growing plains around Paris to the poor smallholders of the south-west.

"We are always debating within ourselves whether we should appeal to public opinion or, as many of our farming members would like, put our message over in a more challenging style," explains Bénédicte Caillé, head of external relations for the FNSEA.

FNSEA's official communications style is moderate, yet in practice it cannot control some of the more disruptive publicity stunts organised at local level. One example of the official marketing approach is when the Centre National des Jeunes Agriculteurs, the young farmers' union, decorated the Champs Elysées with a field of ripe wheat three years ago.

A charm offensive was the purpose of the largest farming demonstration in France in recent years, when 200,000 farmers descended on Paris to protest against the CAP in September 1991. Departmental unions "twinned" themselves with Paris arrondissements, making themselves responsible for setting up stalls with local produce, offering free food and wine tasting.

"The idea was to help Parisians rediscover their roots, to remind them that we represent an important part of their culture," explains Caillé.

Another part of the FNSEA's charm offensive is a scheme launched two years ago to invite school children for educational visits to local farms. The scheme attracted 35,000 visitors in 1990, rising to about 200,000 last year, says the federation.

In some ways, the FNSEA has to work less hard than other European farm unions to deliver its message. About a fifth of the French population owes some of its living directly or indirectly to agriculture and most national politicians carefully preserve a provincial power base.

On top of this, the FNSEA has the rare privilege of being granted four free 15-minute slots a year on two state-owned television channels, by the CSA broadcasting authority. Its latest production was clumsily made, with the pretty young narrator delivering her message perched on a bicycle which improbably appeared to be in the middle of a field of corn. Even so, it drove home the message of the friendly farmer, taking environmental protection as its theme.

Yet the moderates do not always win the day in FNSEA debates on

publicity strategy. Many farmers were so disappointed with the moderate tone of the big Paris demonstration in 1991 that they left the FNSEA to form their own splinter group, called the Co-ordination Rurale.

The new organisation, which has about 10,000 members, represents the sharp end of farmers' protests and organised a series of successful motorway road blocks last summer, setting an example for the truck drivers, who used the same technique to bring most of France to a halt for several days last year.

Another popular tactic by local farmers recently has been to dump truckloads of mud on the streets outside local government offices. This, says Caillé, is designed to represent land that has been taken out of production under CAP rules. It is a stark contrast to the days of laying wheat fields on the Champs Elysées.

William Dawkins



UK goes against the grain

BRITISH farmers are not given to concerted mass demonstrations of curdled manure outside parliament as a means of persuasion.

Many of them are angry - often with the plethora of marketing and promotional organisations supposedly backing their causes. But one of their main lobbying conduits, the 65-year-old National Farmers' Union, encourages a careful, regular lobbying of key targets in government, media and consumer groups as the best means of getting a fair hearing.

The UK's 100,000 farmers are a heterogeneous bunch; the 1,000-acre arable East Anglian faces quite dissimilar problems from the Welsh hill farmer with a few hundred sheep. But they share an uncertain future. EC legislation threatens to cut their incomes. Consumer suspicion over Bovine Spongiform Encephalopathy scares in beef, salmonella disease in eggs, growth hormones, pesticides and battery farming has damaged the social standing of farming.

During the second world war, British farmers were almost revered for feeding the nation in desperate times. That image has faded even as

the economic desperation of some farmers has increased - 46,000 farmers, wives and their children left farming during 1991-92, according to government statistics.

Organisations backing farming attempt to counter adverse public opinion. In 1992, the Meat and Live-stock Commission spent about £15m on an advertising campaign aimed at the consumer, under the somewhat desperate-sounding slogan "Meat To Live". The MLC and its steadfast opponent, the Vegetarian Society, are fighting a propaganda battle in the country's schools, inundating them with free promotional materials.

As for the NFU, their lobbyists have limited resources compared with some of their international sister organisations. While it runs a wide variety of events, newsletters and seminars supportive of farming, it has resisted generic "buy British" advertising, both because such campaigns are already run by separate marketing bodies (such as the MLC and the National Dairy Council) and because, as Anne Dillon, head of public affairs at the NFU, puts it, "there isn't a 'buy British' culture any more".

Dillon spends considerable time trying to persuade the farming community that the best public relations - and therefore increased chances of political success - today means tackling not just Westminster but also the general public.

Dillon believes that to retain political clout, farmers must start at a humble level by regaining the confidence of consumers through a combination of relationship-building with important media and consumer bodies and by encouraging farmers to be more willing to take on an expanded role, promoting themselves as defenders of rural Britain and not just food producers.

When she joined the NFU three years ago, Dillon initiated a three-stage public affairs strategy, developing links with the women's press - on the basis that women make most domestic food purchasing decisions - and paying greater attention to local media.

What is ruled out is throwing bricks at police and starting bonfires in public highways: "There is no evidence that setting fire to parking meters or peeing against trees in front of TV cameras - as has happened on the Continent - is any more successful than a realistic and sensible negotiation with the community that you live in or the people who represent you."

"We get much more success with the press by saying: 'You don't believe there are problems with incomes in farming? Here are three farming families, talk to them and make up your own mind.' If we said: 'Here are 350 farmers who are going to set fire to trees in Hyde Park' that would have been put down as typical farmers' bullying."

It may be the case that British farmers have little choice but to tread gently and carefully; they lack the numerical muscle and social esteem of their counterparts elsewhere.

But they are listened to by government. David Nash, NFU president, has just been appointed by John Major, the prime minister, to head a special task force, one of the aims being to see how producers and retailers can meet each other's requirements with supplies of British food.

But for Dillon, visibility is not commensurate with success: "When last year the proposed terms for the reform of the Common Agricultural Policy were first on the table they would have removed a great number of family farms in the UK. By the time we had finished negotiating with the government, and it in turn had finished negotiating in the EC, it was another £700m. That's not an inconsequential sum of money, without setting fire to parking meters."

Gary Mead

PEOPLE

A Trinity of top jobs



It should come as no surprise that Philip Graf (above), is to succeed David Snedden as managing director and chief executive of Trinity International Holdings next month. Snedden stays on the board as a non-executive director.

The job is one of the best in the newspaper industry. Trinity, an independent with headquarters in Chester, publishes 44 UK newspapers and 58 in Canada or the US. Its flagship titles are the Liverpool Daily Post and its sister evening paper, the Echo.

The careers of the two men have been intertwined for the past 20 years starting at Thomson Regional Newspapers, where Snedden ran The Scotsman and the Belfast Telegraph,

and Graf was a protégé. Graf, 46, tried to move to Liverpool from his native Northern Ireland in 1978, when he was offered the job of marketing services manager of Trinity's flagship titles, but a furious Snedden, who was Thomson's joint managing director, counter-offered with a promotion to the Western Mail in Cardiff.

But when Snedden moved to Trinity in 1982, he had no compunction about offering Graf a job two years later. Since then Graf has held a succession of posts, grooming him to succeed Snedden on retirement - at 60, a requirement of Trinity intended to keep the management fresh.

Graf says that Trinity - cash-rich with only 15 per cent gearing - would continue to look for more acquisitions and hoped they would be more friendly than Trinity's aborted, contested bid for Southern Newspapers last year.

Trinity also announced the appointment to its board of Leo Colligan, 44, managing director of the Liverpool Daily Post & Echo, and Stephen Parker, 40, managing director of the group's weekly papers.



Jennie Younger, daughter-in-law of Royal Bank of Scotland chairman Lord Younger, is quitting life as a City investment analyst with BZW to be head of special projects in British Gas's corporate affairs department.

Younger's varied career includes a stint as one of the assistants to James Baker, the outgoing White House chief of staff, during the 1980 US presidential campaign, and a governor of Gordonstoun, Prince Charles's old school, where she was once headgirl.

Non-executive directors

The TSB Group has headhunted Hans-Dietrich Bosel, a board member of Bavarian bank Bayerische Vereinsbank, to join as its ninth non-executive director and to provide the group with a "European view". Bosel, who is 43, is currently in charge of retail banking in Germany, with regional responsibilities for the UK and Austria. He has worked at Vereinsbank, which is Germany's fourth largest private sector bank, for the past 12 years, having previously been at Citibank, where he joined as a trainee in Frankfurt, and later picked up international exposure in London, New York and Chicago.

TSB says it was looking for an experienced banker who was young, had a solid international grounding and was particularly familiar with both the UK and Europe. It adds that the European dimension was important given that the Continent is much further advanced than Britain as regards bancassurance, or the cross-selling of financial services. TSB regards itself

as the pioneer in this field within the UK, an area that has proved a bright spot for the bank amidst all its other troubles. Bayerische Vereinsbank has co-operated with Victoria, Germany's fourth largest insurer, since 1990.

■ Graeme Elliot, former vice-chairman of Slough Estates, at AUTOMATED SECURITY HOLDINGS.
■ Larry Tucker, a partner of Brown Brothers Harriman, at BLENHEIM GROUP.
■ Ian Reeves, formerly executive chairman, as non-executive chairman at HIGH-POINT GROUP.
■ Atilla Uras, Ali Tigel, directors of Auric Holdings which is a major shareholder, and Levent Berker, industrial co-ordinator for Auric Holdings and Marmara Bank, which has provided loans, at BULLERS.
■ Ben Martin, who is retiring from BZW, at BRAKE BROS.
■ Lord Barnett has resigned from CONRAD CONTINENTAL.

■ Franz Winkelmann has resigned from ANGLIO IRISH BANK CORPORATION.
■ Jack Schumann has retired from STAR COMPUTER.
■ Henry Clayton, a director of ALEXANDERS HOLDINGS, has died.

Changeover at Maunders

John Maunders, the Manchester-based house-builder, has announced that it has replaced its group managing director - two months after the change was effected. Bill Bannister, 43, previously group sales and marketing director, took over as group md in November, while Bernard Davies, 56, who had been in the post for a decade, and with the company for 22 years, has left.

Analysts says this was a succession that had been expected, but one that had been hastened by the need for a tough cost-cutter at the top. Traditionally, the northern base of the business has been highly profitable; it is in the south where margins have been under severe pressure in the past three or four years, and Bannister, managing director of the Southern division, is understood to have proved his mettle in this area.

John Maunders, the 47-year-old chairman and grandson of the founder, is well aware of Davies' contribution, according to analysts, and his compensation package is understood to be in the region of £200,000.



Sir Bruce MacPhail (above), whose own impeccable academic pedigree reads Balliol, Oxford, followed by an MBA at Harvard, is becoming chairman of the Council of Management of Templeton College, Oxford, succeeding David Rowland, who is stepping down after seven years. Rowland has just taken over as chairman of Lloyd's.

P&O's managing director, Sir Bruce has served on Templeton's council since 1986, and the college's new president, Clark Brundin, says he expects him to continue to pro-

duce "a significant intellectual contribution".

It doesn't take a man from the top of P&O to realise that Britain is very much at a disadvantage with regard to its competitors as regards educational training. But Sir Bruce is sounding optimistic that if Oxford really embraces management studies - a discipline which in the past it has treated with some disdain - and turns itself into a "world-class school", this could have a very positive impact on domestic industry's perception of the value of business education.

Templeton is on its way to receiving the Royal Charter as Oxford's 37th college. At the same time, a separate school of management will be established, with an MBA programme now targeted (after several postponements) to commence in October 1995. While Sir Bruce says he has never for an instant regretted his Harvard training, he explains that the Oxford version of the MBA will be "extremely international in its direction" with a certain amount of on-the-job experience, and it will involve fluency in another language - all in all a far cry from the pure case-study stuff I did at Harvard."

ARTS

Cinema/Nigel Andrews

Thrillers spin a web of black logic

In *Deep Cover*, a jet-black, jet-paced crime thriller, there is one way to distinguish the good guys from the bad. The good guys tend to call themselves God: like smell, mad-eyed police chief Charles Martin Smith, drawing himself up to five feet two to insist on his omniscient divinity. The bad guys (Gregory Sierra's succubus-like drug baron) tend to behave like God: the D.T. God of an eye for an eye, an ear for an ear and any other body part available for the barker of rough justice.

The original story is by writer Michael Tolkin who showed his metaphysical paces in *The Player*, depicting Hollywood as Purgatory, on-the-Pacific, and in *The Rapture*, all about sex, death and the Second Coming. That Tolkin's initial script for *Deep Cover* was taken over by a second writer, Henry Bean (*Internal Affairs*), may account for the last-reel gaucheries. These include a *Miami Vice*-style climax in which the undercover hero (Larry Fishburne) and his crooked-lawyer pal (Jeff Goldblum) have a crime tryst with a major political figure in the virtual broad daylight of a well-lit dockside.

Only in a movie. Likewise the late-on burricane of Washington-linked conspiracy revelations. But take all this *cum grano salis*: it does not spoil the flavour of what goes before as we watch the black police hero's slide into a blacker moral midnight. Picked for plain-clothes promotion because he has the coolest answer to his police chief's racist riddle - "What's the difference between a black man and a nigger?" - he is soon having to solve subtler riddles.

Like, what is the difference between a good plain-clothes cop who joins the crime game and the

| |
|---|
| DEEP COVER (18) |
| Bill Duke |
| NIGHT AND THE CITY (15) |
| Irwin Winkler |
| MAN BITES DOG (18) |
| Remy Belvaux, André Bonzel, Benoit Poelvoorde |
| SWEET EMMA, DEAR BOBE (18) |
| Istvan Szabo |
| SCHTONK! (15) |
| Helmut Dietl |

baddish plain-clothes lawyer (Goldblum) be befriends, who merely puts a different spin on the blend of foul play with pseudo-probity? And how much does an undercover mission excuse shutting one's eyes to plain-sight atrocities? Fishburne must not flinch when cocaine kingpin Sierra bashes in a crotch's face with a pool cue; or when Sierra (again) bumbles Goldblum with an after-dinner torture game or when a live, bullet-perforated person is dumped from a speeding car in a midnight tunnel, with a Partisan gunshot fired at his receding arse.

Good movies take a familiar theme - there are only so many to go round - and then spin fast-witted, revelatory variations on it. As directed by Bill Duke (*A Rage in Harlem*), *Deep Cover* is paced and textured like a nightmare. Everything has an accelerated dark-side logic, as the hero realises his dwindling control over his own story and fate's flair for fast-forwarding him towards disaster. Fishburne is good

in that rarity - a black leading role that does not semaphore ethnic significance - and Goldblum is even better. As the yuppie who keeps being taken to the cleaners along with his suits, he smiles with terrified elegance at an outpacing world.

In *Night And The City* another man's world speeds out of control. But this time we sense the filmmaker's hauds operating the machinery. Updating the 1950 thriller starring Richard Widmark as a nightclub tout turned fight promoter, director Irwin Winkler, writer Richard Price (*Sea Of Love*) and star Robert De Niro takes the story out of London - its original setting, courtesy of British novelist Gerald Kersh - and set it in New York.

But this is a New York you could order up by telephone. Dial M for mean streets and you would get this instant, special-delivery, beels-on-wheels Manhattan. The bar exteriors look manufactured on a back-lot and the people inside react like a Warner Brothers rent-a-crowd as seedy ambulance-chasing lawyer De Niro - a little guy with a manic manner - holds forth like a stand-up comic on his last stand.

And the man's problem? He wants to be a boxing promoter. But he must climb over human hindrances to do so: like suavely cackling capo Alan King, jealous bar-owner Cliff Gorman and his De Niro-smitten wife Jessica Lange. Our hero promises to procure a liquor licence for Miss L so she can quit her spouse and open her own business. But the promises are mounting up and a man can keep only so many. Harry Fabian - that is his name - is deep in debt and deeper in danger.

This all worked 40 years ago with

Widmark and director Jules Dassin. But then everything about the story shouts late 1940s-early '50s: from the speak-your-weight dialogue to the fatal-allure sexuality to the post-dub-disquiet (transmuted to film noir) of a generation in job crisis. De Niro, springy and grinning, acts like a man possessed. But then he is possessed - by his own art-and-money obligations. For this is a De Niro production of a De Niro project for De Niro's own film company Tri-becca. What ever happened to the days when actors just acted?

Man Bites Dog, a Belgian film about a mass murderer, is this week's third thriller in which characters put their lives into overdrive and then find their hands slipping off the steering wheel. The three co-directors - Remy Belvaux, André Bonzel, Benoit Poelvoorde - also co-star. Poelvoorde is the prattling, preening show-off who likes to kill people. Belvaux and Bonzel are his dopy cronies, documentary director and cameraman respectively, who film B.P.'s murders as they happen.

Shot in grainy handheld black-and-white, just like the film whose making it portrays, *Man Bites Dog* is shocking less for its full-frontal murders - though these include stranglings, smotherings and stabbings - than for its own refusal to be shocked. Killing is what has become part of the junk culture like TV or video games: for couch potatoes read crime potatoes. And however much he begins by kicking against the violence, the moviegoer is soon mischievously drawn into the catonistic reflexes: "Who next?", "Where?", "How?"

For this black comedy about brutalisation is also about the voyeur implications of film-watching. Before an invited audience - our



Acting like a man possessed: Robert De Niro with Alan King in 'Night and the City'

self - our dandyish hero-host demonstrates the techniques and satisfactions of motiveless killing. Like the torturer-hoodlum in *Reservoir Dogs*, who wanted no information from the cop he was maltreating, *Man Bites Dog* raises the spectre of cruelty for kicks. We all know it exists; the cinema seldom dares to confront it head-on; and the British censor almost never lets the result through when it does. A loud laugh, then, for the courage and imagination of current incumbent James Ferman.

The Hungarian Revolution is the subject of Istvan Szabo's *Sweet Emma, Dear Bobe*. Not the famed 1956 event, when man bit dogma and dogma bit back; but the recent pussy-cat revolution when the Soviet empire rolled over and East-

ero Bloc countries tickled its tummy. The tummy-tickling is now over, says Szabo. Fresh from *Meeting Venus*, in which he allegorised the New Europe as an opera troupe that could not get its act together, the director presents the New Hungary as an atonal chorus of fury, anguish and disenchantment. Schoolteacher Emma (Johanna Ter Steege) bleats the futility of teaching Russian to a world going Western. Her buxom friend Boebe sleeps with many men before finding the fastest way from a high window to a street. And large dialectical boxing matches - God versus materialism, love versus sex, art versus barbarism - go on, on, on, on.

It is, we fear, a lecture with dramatic pretensions. As lines of dialogue clang like a ringside bell -

"Do you think because freedom's here everything is allowed?" "Are you the God of emptiness?" (Emms in church) - the audience bobs and weaves before the pugilistic overemphasis. Nothing surpasses the simple, oblique dream-magic of the opening shot. A nude girl slides down a darkling hill of sand clutching at passing plants. We guess, marvel, are teased and intrigued: things that never happen to us again in the 80-minute film.

Schtonk! is the small, foolish title of a long, foolish film. Helmut Dietl wrote and directed this spoof history of the Hitler Diaries scam. But there was probably more laughter 40 years ago in the Berlin bunker, as Adolf and Eva swapped shaggy-Alsatian stories while the bombs rained.

Dance/Alastair Macaulay

Richard Alston in La Rochelle



Emily Joyce, Liam O'Callaghan and Sheila Reid try to kick the habit

James Robson is a regular contributor to BBC Radio 4's *The Archers*. His new play at The Pit perhaps helps to explain why that everyday story of country folk sometimes becomes so tired and emotional. *King Baby* is set in a rehabilitation unit for alcoholics. It is very intense, nothing much happens and it lasts for three hours.

On the other hand, it is quite beautifully done. The dialogue is riveting and the length is necessary to the theme, which is that people sometimes drink to overcome boredom and without a drink time can seem to pass very slowly.

King Baby works by a mixture of case studies and group therapy. There are seven characters, all but one of whom is either a reformed alcoholic or seeking to become so. Jimmy, who runs the unit, is there because his wife was killed in a car crash while he was the drunken driver. Raymond, his assistant, used to be an alcoholic ambulance man. Once when he ran somebody over, he drove him straight to the hospital and people said how lucky the victim had been to be knocked down by an ambulance. This is one of the few (chilling) laughs in the piece.

The rest are a social mix. Jimmy, the 70-year-old Irishman, says that the English think his condition comes with the accent.

Theatre King Baby

There are two women, one middle-aged, the other only 20. The hardest nut to crack is James King or King Baby, the car dealer who used to be used to make a lot of money "when that sort of thing was fashionable". The problem is his pride: he does not want to admit that he needs to be treated and is there only because his wife (the seventh character in the play) has otherwise threatened to leave him.

The plot, such as it is, hangs on the breaking down of Jimmy. He despises group therapy and at one stage ostentatiously reads the *Financial Times* rather than take part in the exchanges. At another he appears to be back on malt whisky until the bottle turns out to contain only Tizer. But break down he does, in the end. By then everyone has told their story, but there is a final twist: when King Baby's wife comes to collect him, it looks as if she might not be staying with him.

The explanation of why King Baby became so disturbed in the first place is conventionally feeble and it is not clear why there are so many references to reli-

gion when the message is that alcoholism is a self-inflicted medical disease, "the most expensive club in the world with people dying to get in". Yet those are small matters. *King Baby* as it goes on becomes an addiction in itself.

Jimmy is played by Lalor Roddy; his stature grows as the role develops. Tom Georgeson's King has the occasional lapse in diction, but that may be part of the act. There is a wonderful vignette by Sheila Reid as the elder of the women alcoholics. The smaller parts are faultless. The direction by Simon Usher judges the pace with precision.

(In repertory at The Pit, (071) 638 8891)

Malcolm Rutherford

Ennio Marchetto

The Lyric, Hammersmith, programme for Ennio Marchetto makes no mention of guest artist Paul Morocco, who is responsible for the juggling in Part One, writes Alastair Macaulay. Like many in the audience I assumed, in my review on this page yesterday that this was yet another of Marchetto's personae. My apologies to both artists.

Richard Alston, late of the Rambert Dance Company, is the best choreographer we Britons have - even though we do not now know where we will find him next. All around us dance is straining against its nature - towards heavy-footedness, expressionism, mime routine, or academicism - but Alston just keeps making real dances. This seems an old-fashioned virtue now, but it is a true one. And it is the reason why, not long ago, he seemed our modern dance's brightest pioneer. No one since Alston has done more to establish a British dance style.

Alston is also exceptionally musical. Sometimes he has tried the wrong music - scores too ineffable (Mozart) or too weak (Steve Reich) - and this was the main flaw in his work for the Rambert during his last four years there (1989-92). But when music inspires him, there is no choreographer alive who can better illuminate his score. Just as Balanchine's dances taught thousands of dance-goers (even some music critics) how to hear and love Stravinsky and Hindemith, so Alston has taught many of us to concentrate with pleasure on Charles Amirkhanian, Nigel Osborne, Simon Waters, Peter Maxwell Davies. Music and dance are different elements; Alston is one of those rare alchemists who can fuse them to create a sum larger than the parts.

It is our loss that his latest work was made in the much better-subsidised dance terrain of France. *Le Morceau sans maître*, to Pierre Boulez's epon-

ymous score, has been created in La Rochelle, in rehearsal conditions that any British troupe should envy, for the Compagnie Chopinot. Boulez's long score (40 minutes) passes through a wide variety of tempo and sound (soprano, percussion, wind, strings, in different combinations), and has stimulated Alston to fashion a rich, constantly shifting, line of dances - as if Boulez has created a whole gallery and Alston were showing us room after room. And because this is music through which whole currents of world music seem to pass (Oriental, African, Schoenberg, Satie, Cage), the dance seems alert too to wide currents of history and culture.

Everything has texture.

is poignant, and the piece ends on Chopinot alone, moving between shadows and light.

Le Morceau is part of an Alston double bill; the other work is a revival of his 1977 *Rainbow Bandit*, originally made on London Contemporary Dance Theatre, in which Gerd Boucher's lighting emphasises the abstract drama behind the work.

'Le Morceau sans maître' is being toured to France by Compagnie Chopinot until June. Richard Alston is one of the four choreographers featured in Part Two of 'Striding Out - Aspects of Contemporary and New Dance in Britain', by Stephanie Jordan (Dance Books, £10)



Sculptural but never static: scene from 'Zanza' (Ballet Rambert, 1986), one of the examples of Richard Alston's work in Stephanie Jordan's recent book

INTERNATIONAL ARTS GUIDE

BOLOGNA

Two new productions of Italian opera can be seen at the Teatro Comunale over the coming week. Ivor Bolton conducts Graham Vick's staging of Monteverdi's *L'incoronazione di Poppea* tonight (Sun, next Tues and Fri, with a new production of *Antony and Cleopatra* including Antonucci and Adelina Scarsabelli. Tomorrow is the first night of Enzo Dara's new production of Cimarosa's *Amor Rande Sagace*, featuring a cast of leading young Italian singers (runs till Feb 3). Mon: Joshua Bell violin recital (529999)

DRESDEN

Semperoper Tonight and Set: ballet triple bill. Tomorrow: Myung Whun Chung conducts Dresden Staatskapelle in works by Mozart, Haydn and Schubert. Sun: Lohengrin. Tues: Il barbiere di Siviglia. Wed: La Cenerentola. Jan 31: new production of Bartered Bride (484 2731)

Kulturpaast Sat end Sun: Jaen Fournet conducts Dresden Philharmonic Orchestra in works by Messener, Tchaikovsky, Debussy and Roussel (486 6306)

GENOA

Rigolotto opens at the Teatro Carlo Felice on Sun, staged by Lamberto Puggalli and conducted by Fabio Luisi. The production, with double casts, runs till Feb 14 (589329)

THE HAGUE

Dans Theater Tonight: Nedariends Dans Theater in a mixed bill including new work by Hans van Manen. Repeated Jan 28, 29, Feb 4, 5 (360 4930). Tomorrow in Dr Anton Philipszaal: Roland Kieft conducts Netherlands Student Orchestra in works by Alena, Gershwin and Shostakovich (380 9810)

LONDON

THEATRE King Lear: Tom Wilkinson stars in a new production directed by Max Stafford-Clark - the Royal Court's first Shakespeare since 1980. Opens tonight (Royal Court 071-730 1745) The Last Yankee: Arthur Miller's new four-character play with a cast including Peter Davison and Zoe Wamaker. Now directed by David Thacker. Now in previews. Press night on Tues (Young Vic 071-928 6363) Cyrano de Bergerac: Robert Lindsay stars as the romantic soldier-poet with an enormous

nose. Stage adaptation by John Wells, directed by Elijah Moshinsky (Haymarket 071-930 8800)

The Risa and Fall of Little Voice: Alison Stadman as a larger-than-life mum in Jim Cartwright's new play about a reclusive little girl with a gift for mimicking her singing idols (Aldwych 071-836 6404)

Carousell: Nicholas Hytner's spectacular production of the much-loved Rodgers and Hammerstein musical. Till March 27 (National Theatre 071-928 2252)

An Ideal Husband: Peter Hall Company production of Oscar Wilde's comedy, starring Anna Carteret, Michael Denison and Hannah Gordon (Globe 071-494 5067)

For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430659 Musicals 0836 430650 Comedies 0836 430651 Thrillers 0836 430652

DANCE/OPERA Covent Garden Royal Ballet has a triple bill including MacMillan's Judas Traz tonight, next Wed and Thurs, and Cinderella on Sat and Tues. Royal Opera has a final performance of Aida tomorrow, and the first night of Stiffelio on Mon (in repertory till Feb 19), conducted by Edward Downes, staged by Elijah Moshinsky, with a cast led by Jose Carreras and Catherine Malfitano (071-240 1056) Coliseum ENO has a final performance tonight of Kan Russell's production of Princess Ida. Tomorrow, next Tues and

Fri: Carmen with Sally Burgess and Edmund Barham. Sat: final performance of The Adventures of Mr Broucek. Mon: revival of Jonathan Miller's production of The Turn of the Screw with Valerle Masterson and Philip Langridge (071-836 3181)

Royal Albert Hall Bolshoy Ballet season runs daily except Mon till Feb 14, with a repertory consisting of excerpts from 13 classical works staged by Yuri Grigorovich (071-588 6212)

CONCERTS South Bank Centre Tonight: Vladimir Ashkenazy conducts RPO in Walton's Henry V. Callio Concerto (Misha Maisky) and Belshazzar's Feast. Tomorrow: Varnon Handley conducts LPD in works by Holst, Beethoven and Rakhmaninov. Sun: Merlino Turovsky conducts Prague Symphony Orchestra in works by Brahms and Janacek. Mon: Handel's Ottone with James Bowman. Next Tues, Thurs and Fri: Mitsuko Uchida is piano soloist with LPO conducted by Franz Waser-Most. Tues (in OE Hall): Imogen Cooper plays Chopin with Scottish Chamber Orchestra. Feb 7: Boulez conducts Messiaen and Elliott Carter. Feb 8: Soli conducts Vienna Philharmonic (071-928 8800)

Barbican Sat: London Sinfonietta 25th anniversary gala concert, including new works by Oliver Knussen and Robert Saxton. Sun afternoon: Yo Yo Ma cello recital. Tues: London Schools Symphony Orchestra plays works by Elgar, Debussy and Nielsen. Next Fri: Nikolaus Harnoncourt conducts

Chamber Orchestra of Europe. Next Sat: Gidon Kremer (071-638 8891)

MADRID

Auditorio Nacional de Musica Tonight: pleno recital by Marcelle Crudelel. Tomorrow, Sat, Sun: Salvador Mas conducts Spanish National Youth Orchestra and Chorus in Mahler's Third Symphony. Next Tues: chamber music from 18th century Spanish court. Next Thurs: Trio da Florencia (337 0100) Teatro Lirico La Zarzuela Sat and Mon: Luis de Pablo's Klu, conducted by Jose Ramon Encinar, staged by Francisco Encinar. Next production: Janufs, opening Feb 8 (429 8225)

PRAGUE

CONCERTS Tonight and tomorrow in Dvorak Hall, Jiri Belohlavak conducts Czech Philharmonic Orchestra in works by Hindemith, Berio and Franck (contralto soloist Jarda van Nes). Sat: Talich Quartet plays Brahms (286 0111). Sat in Smetana Hall: Ars Rediviva plays works by Bach and Banda (232 2501) OPERA National Theatre has Don Carlos tonight, Bartered Bride tomorrow and next Thurs. La boheme on Sun, La forza del destino on Tues and Lucia di Lammermoor on Wed. Jan 29: new production of Rossini's La scale di setta (205364). Estates Theatre has Don Giovanni on Sat and La nozze di Figaro on Jan 29 end

31 (228658). Prague State Opera has Madame Butterfly tomorrow, Rigolotto on Sat and L'etier d'amore on Sun (265353)

For pre-booking and information about these and other events, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 261802, or Bohemia, Na Prikope 16, tel 228738, or Melantrich, Wenceslas Square 38 in the passage, tel 228714) and theatre box offices.

ROTTERDAM

Libor Pesek conducts Rotterdam Philharmonic Orchestra in Smetana's Ma Vlast tomorrow evening and Sun afternoon at De Doelen (also tonight in Utrecht). Next Tues, Wed, Thurs: Gianluigi Gaimetti conducts works by Rosini, Mozart and Mendelssohn (413 2490)

STOCKHOLM

OPERA/DANCE Tonight at Royal Opera: Shnitke's ballet Pear Gynt choreographed by John Neumeier. Tomorrow and Mon: Simon Boccanegra. Sat and Tues: Così fan tutta. Wed: Cav and Pag. Next Thurs: Arabella (248240) CONCERTS Gennady Rozhdestvensky conducts Stockholm Philharmonic Orchestra tomorrow at Berwaldhallen in works by Webern, Ludwig Norman and Shostakovich (784 1800). Set afternoon at Konserthuset: Rozhdestvensky conducts e light programme (244130)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 2000-2030, 2300-2330 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman Super Channel 0700-0710, 1230-1240, 2230-2240 FT Business Daily 0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly - global business report with James Bellini 0710-0730, 1240-1300 (Wed) FT Media Europe 0710-0730, 1240-1300 (Fri) FT Eastern Europe Report 2240-2248 FT Report Weekly

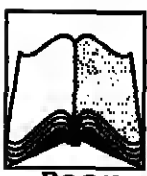
SATURDAY

CNN 0600-0630, 1000-1030 World Business This Week - a joint FT/CNN production Super Channel! 0830-0900 FT Business Weekly Sky News 1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN 1030-1100, 1800-1830 World Business This Week Super Channel! 1900-1930 FT Business Weekly Sky News 0130-0200, 0530-0600 FT Media Europe 1330-1400, 2030-2100 FT Business Weekly

Man who put a charge into General Electric



Ask America's top business leaders which of their peers they admire most and the name Jack Welch would almost certainly win the highest vote.

Since taking over as chairman of General Electric in 1981, at the age of 45, this restless, contentious and charismatic individual has engineered a revolution in the running of one of the country's largest, most conservative and complex business groups.

The financial results speak for themselves. GE has enjoyed strong productivity and earnings growth for much of the past decade, and its share price has more than quintupled. Yet all around it, former giants of US industry have been falling flat on their faces, victims of inertia and complacency. *Control Your Own Destiny Or Someone Else Will* - one of Welch's favourite aphorisms and the title of Tichy and Sherman's book - could serve as an epitaph for Robert Stempel, ousted last year as chairman of slow-to-change General Motors. It might yet apply to John Akers, chairman of IBM, which on Tuesday reported the biggest annual loss in corporate history.

The volume by academic Tichy and journalist Sherman is significant because it is the first scholarly attempt to pin down the secret of GE's success. Tichy, a professor of organisation at the University of Michigan School of Business, can speak with authority about GE, since he has had a ring-side seat at the Welch transition, both as a long-time consultant to the company and as head of its executive training school for two years. But this hardly makes him an impartial observer.

There appear to be three main elements to Welch's success. The first was his realisation at the start of the 1980s that all was not well with GE, even though the company was one of the most admired in the US. Welch, a brilliant entrepreneur who had revitalised profits in every GE division he had run, saw that the conglomerate's bodgepodge of businesses was ill-equipped to compete in

CONTROL YOUR OWN DESTINY OR SOMEONE ELSE WILL

By Noel Tichy and Stratford Sherman
Doubleday, \$24, 374 pages

THE NEW GE
By Robert Slater
Business One Irwin, \$24.95, 293 pages

a world of intensifying global competition. He ruled that henceforth every GE business must be first or second in its sector or face disposal.

His second great achievement was having the guts to stick by this strategy in the early 1980s as GE laid off thousands of workers, cut layers of management and sold 135 businesses, while critics declared that he was trying to mend a fine company which did not need fixing. He has never entirely shed the label "Neutron Jack", which the press pinned on him at that time.

The third, which has taken place over the past five years, has been a transformation more subtle, but arguably of far greater long-term importance, in GE's business culture. Welch has been trying to create an organisation which embraces change as inevitable, rather than resisting it; where information flows freely around the group, rather than being jealously hoarded; and where employees are given important powers to control their working environment.

These ideas have been encapsulated best in "work-out" - a programme begun in 1989 which involves small groups of employees from all levels of a business getting together to thrash out common problems. They are encouraged to speak freely, with the promise of no retribution from managers.

Worker participation in continuous improvement is hardly a new idea. What is novel is the sheer scale and commitment of GE's endeavour. For example, managers presented with ideas for change are required to say quickly whether they support them or not. There can be no fudging.

Tichy and Sherman give a helpful, clear account of all these developments, illustrating their case with interesting case studies of individual busi-

nesses which have been turned around. But the book is marred by being too reverential, devoting remarkably little space to the weak spots in Welch's record. Tichy and Sherman do acknowledge, but do not delve deep into, the fact that in 1985 the revolution had become so unpopular that Welch "slowed the very process of organisational change that he was so urgently trying to accelerate. His efforts to change a corporation that most people still regarded as healthy caused deep emotional trauma."

Nor is there any substantial mention of GE's problems in running the NBC television network, which ranked first in the US ratings when Welch acquired it in 1986 but is now third. Are creative businesses poor candidates for the GE treatment? The NBC saga is, however, covered at length by Slater, a journalist and prolific author, whose racy and generally favourable account of the Welch era is descriptive rather than analytical, yet touches on areas where the management may be open to criticism.

It is Tichy's contention that Jack Welch will go down in history as one of two 20th-century business leaders remembered for their ideas, alongside Alfred Sloan, who thought up the modern corporate management structure when he put together General Motors in the 1920s and 1930s.

This seems unlikely. For the ideas Welch espouses are either specific to GE or interesting variations in the general stew of modern management theories, which holds that the successful 21st-century business will need to be participatory, not authoritarian.

Given the track record so far, what Welch will be remembered for is his remarkable ability to articulate a vision for GE and then execute it successfully. It calls for an unusual combination of intelligence, leadership and communications skills, which cannot be learnt from reading GE primers. Just ask Robert Horton, who rushed into the chairmanship of British Petroleum with a revolutionary manifesto for cultural change that owed a lot to Welch's track record at GE. Two years later he was ousted in a boardroom coup.

Martin Dickson

The first report of the new House of Commons Treasury and Civil Service Committee is like a curate's egg: good in parts. It contains more quotable sharp remarks but is less consistent than the reports of its predecessor under Sir Terence Higgins.

Nevertheless, the section on the departure from the ERM on Black Wednesday, September 16, is singularly unrevealing, as members were too credulous of official excuses, especially from the Bank of England. What needed to be explained was not the desperation-born increases in base rates to 15 per cent on September 16 itself, but the losses incurred in continuing to support sterling when, as the official witnesses themselves confirmed, they realised they were in the monetary equivalent of the Charge of the Light Brigade.

The only excuse heard by protesting members of the inner cabinet is that suspending membership before the close of European markets might have been a breach of legal obligations - hardly an excuse that would have been used if officials' own personal funds had been at stake. The committee's recommendation that the losses from intervention (believed to be £2bn to £3bn) should be published is only the beginning of the required investigation; but even that is officially rejected.

'One of the world's least successful missions'

Meanwhile, I can add a little nugget. On Monday, September 14, a high-level economic mission led by Alan Budd and Mervyn King, the chief economic advisers to the Treasury and Bank respectively, visited first Frankfurt and then Bonn to try to persuade their German opposite numbers that sterling, at its DM2.95 entry rate into the ERM, was "not obviously overvalued".

The mission had arisen out of a conversation between Nigel Wicks, UK second Treasury permanent secretary, and Horst Köhler, state secretary of the German finance ministry, and had been arranged the previous week - between the disastrous meeting of Community finance ministers at Bath and the weekend of the lira devaluation. One wag close to events described it as "one of the world's least successful missions". For it failed to shake the Bundesbank's belief that sterling was overvalued.

Its members saw the high-powered Bundesbank eco-

ECONOMIC VIEWPOINT

No one answers for anything

By Samuel Brittan



conomic adviser and board member, Otmar Issing, who listened carefully but did not regard the time appropriate for an academic discussion in view of the currency turmoil, and emphasised that the Bonn government was responsible for parity negotiations.

The object of the Budd-King mission was:

- To explain the case for the DM2.95 sterling rate.
- To argue that sterling and the French franc were in the right relationship. In other words, to persuade the Germans not to drive a wedge between Britain and France in the degree to which their currencies were worth supporting.

They also tried to persuade the Bundesbank to see the current balance of payments as a purely private sector problem which would take care of itself.

The British team found that their German opposite numbers were not aware of some big UK economic changes, such as the slowdown in wages and the productivity take-off.

The UK side was plainly right on unit labour costs. These were increasing in the second half of 1992 by 2 per cent per annum, much less than in Germany - although in France they were actually falling. On the payments deficit, the UK mission was out of date because of the arrival of the "twin deficits" problem - payments and budget deficits.

The British visitors were under strict instructions not to discuss exchange rate changes or realignments but to stick to long-term analysis. The emphasis was on "graphs and charts" and exchanges between "card-carrying economists". This was surely something of a waste of officials of near permanent secretary level in a growing emergency. The idea of a combined high-level probe of fundamentals was a good one; but it was several months too late.

During the discussions, the Germans behaved as if the British knew of the realign-

ment offer - which makes all the more surprising the British official astonishment at Helmut Schlesinger's Handelsblatt interview and the selling pressure against sterling.

The British government, in its innermost thinking, was prepared to support an upward realignment confined to the D-Mark and its satellite currencies. Crucial to such a realignment would have been French willingness to see the franc fall against the D-Mark. Some British policymakers thought this would happen if only the system could have pulled through until after the French referendum on September 28.

In retrospect, close observers believe that the fatal mistake made at the Bath European finance ministers' meeting on September 6 was to leave each country to go its own way. The only chance of saving the ERM grid was to have concerted statements by all the major actors and concerted interest changes, including if necessary

double or treble-digit day-to-day interest rates in the period up to the French Maastricht referendum.

Where the franc is now

The British government view that the franc should follow sterling rather than the D-Mark was always wishful thinking. Despite the unpopularity of Mitterrand and slowly rising unemployment, the currency fundamentals are more favourable to the franc than they ever were to sterling. France has lower inflation, a better budgetary and balance of payments position, and a less bad recession than Germany, let alone the UK.

The French government has already withstood two speculative attacks on the franc in September and in January. A much larger attack is expected in the run-up to the March parliamentary elections; and the Bundesbank is fully on board for a combined defence.

Any commentator who ever drops his guard and believes official statements on exchange rates is liable to end up with egg on his face, as I know to my cost. The difference between the franc now and sterling last September is that, if the French currency is forced into a temporary float, it may before long rise against the D-Mark. Indeed Bundesbank members have said it is a revaluation candidate. It is this knowledge, more than any government statements or currency intervention, that is supporting the franc and making speculators pause for thought.

Glasnost, no perestroika

The most quoted single phrase in the Commons committee's report was "glasnost without the perestroika" to describe the new economic information offered by the Treasury.

This is not strictly accurate. For glasnost means openness. Yet despite the new publications, the present UK system of government is anything but open. As Norman Lamont told the committee: "You will not know what advice is tendered by officials or anyone else." Whether he knew it or not, he was simply repeating the orthodoxy of generations of permanent secretaries, who regard the confidentiality of advice to ministers as the Ark of the Covenant.

I came across this orthodoxy when I was foolishly enough to send the proofs of my book on the Treasury to the then permanent secretary. The upshot was a lunch with the then chancellor, Reginald Maudling (courtesy of The Observer) in which he jovially read me the riot act.

That he had been put up to it became clear some years later when he reviewed the second edition very favourably and remarked that the text was accurate wherever he was in a position to know.

The self-serving Whitehall view is that officials will be just as honest as they can be. It is just as likely that the advice will be better if those giving it know it will be subject to public scrutiny.

In a responsible system, the Bank would have one set of duties and the Treasury another set; and officials in both would account for their work. We would know if the chancellor received bad advice or refused to take good advice. By contrast, today everyone is responsible for everything and no one is responsible for anything. Hence Black Wednesday and numerous other disasters.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Russian arts need proper funding

From Ms Verina Gleassner.

Sir, John Lloyd's article, "The arts perform a dance of death" (January 16), reads a little pessimistically. Russian culture does indeed risk both bastardisation and provincialism, but it has withstood worse. What is of particular concern is the use of what funds are available. A fraction of the cost of the "operatic peasant" which Lloyd argues "should have been" a showcase event this summer could have enabled the reopening of the first few splendidly restored rooms of the State Historical Museum, under the very windows of which it was held. That museum, an architecturally unique 19th century building, has breathtaking collections that travel the world but remain invisible at home.

The government has appeared to lack any arts policy at all, but perhaps there are signs of change. John Lloyd also fails to mention the question of cost. Massive funding for films "that three people saw" and musicians who "never perform in public" is all very well, but people need running water too.

A proper arts policy requires a solid safety net of government funding. This implies a properly administered taxation system.

Verina Gleassner, 80 Balcombe Street, London NW1 6NE

A quick 'fix' will not resolve problems in electricity supply

From J D Rodger.

Sir, Your leader ("Extra time for British Coal", January 14) was a useful review of a possible subsidy for British Coal, but it said nothing about the fundamental elements of the problem.

The present situation has arisen directly from the decisions made on restructuring the electricity supply industry for privatisation. If generation had had a different structure (eg five or six fossil-fuel generators instead of two) and if a different approach had been

taken on pricing - such as using the pool only as a merit order rather than a price-setting mechanism - different decisions would have been made on new investment and fuel selection.

A quick "fix" in the form of a subsidy for British Coal will do nothing to address the fundamental problems in electricity supply, which have given rise not only to the problems in coal but also to excessive price increases which are damaging British industry.

As major electricity consum-

ers, and indeed as citizens, our members look to the government to tackle the fundamental problems, so that we can progress to a situation in which sensible decisions are made on fuel selection, and electricity is supplied to industry at competitive prices.

J D Rodger, executive director, business development, Chemical Industries Association, Kings Buildings, Smith Square, London SW1P 3JJ

The failure of economic scientists - the alchemists of the 20th century

From Mr Jonathan Virden.

Sir, In his consideration of the qualifications of the new team in Washington, Michael Prowse ("A wake-up call from Laura Tyson", January 18) touches on a most important point, the role of the economic scientist in 20th century government. The "science of economics" is in the same stage of development as was pre-Renaissance chemistry, otherwise known as alchemy. Alchemy was pursued as a way to make gold, literally: so is economics, though more figuratively and with more impact on most people. Both fail for the same reason.

The alchemists ignored (ignore means "did not know")

facts or behaviour of the elements, so they failed to devise ways of control over what the elements would do. So no gold.

The economists ignore the facts of behaviour of people, especially collectively, so fail to devise rules which result in correct predictions. Often this is not for want of trying. But meanwhile, both economists and those who look to them for wisdom fail to see the failure and more and more fog is generated by a self-perpetuating group of like-minded people. Consulted, passionate, with no agreement among themselves, diverse, earnest and wrong. So no gold: just like the alchemists!

A spark of light may be indi-

cated by the most recent award of the Nobel Prize for Economics to Gary Becker. He studied human behaviour. First and drew out supportable rules for prediction of economic consequences: just like the early chemists looking for consistent behavioural rules, rather than relying on fantasy equations and projections of hindsight. When predictions become good enough to demonstrate predictable control rather than just change, economics will become a useful tool of government.

Economists have far to go to be worthy of the title "scientist": that is, one who knows. Jonathan Virden, Court Lodge, Yalding, Kent ME18 6HX

Further means testing not right route to a modern welfare state

From Ms Fran Bennett.

Sir, Your leader on Labour's Commission on Social Justice (January 18) poses some of the problems involved in the extension of means-testing, but does not resolve them. Underlying the article is an assumption that the only legitimate aim for a social security system is the minimalist one of relieving poverty after it has already struck; and that the only source of finance for a better deal for people in poverty is the means-testing of so-called "universal" benefits. But a social security system in a sophisticated modern society should be multi-purpose; and there are far more obvious areas of expenditure (or fore-

gone revenue) which could fund an attack on poverty.

Child Poverty Action Group believes that an extension of means-tested benefits is not an appropriate response to the call to "modernise" the welfare state.

First, it would not be able to respond to the current emphasis on individual aspirations. It is very difficult to improve your own situation through your own efforts if you are caught in the inevitable "poverty trap" caused by withdrawing means-tested benefits as well as paying extra tax and national insurance contributions.

Second, further means-testing would inevitably move us

further away from individual rights to benefit for women; means-tested benefits are inevitably assessed on the basis of the couple or family unit, in a way no longer considered acceptable for income tax.

Third, there seems now to be broad agreement that state help should be enabling, not controlling - yet means-testing gives enormous powers of intervention in the personal lives of the means-tested, and means that even those in work are dependent more on the state's decisions about benefit levels than they are on their own efforts for their financial position.

Last but not least, it is difficult, if not impossible, for

means-tested benefits to give real "social security" as a basis on which people can experiment in today's changing labour market patterns, and on which children can rely if their parents move in and out of today's changing family situations.

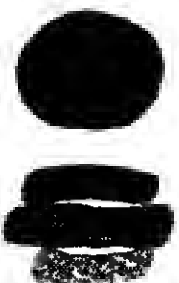
The arguments of today's pro-selectivists are not "radical", as you claim; they are just wrong. It is a pity that the Financial Times appears to have joined the ranks of the new means-testers.

Fran Bennett, director, Child Poverty Action Group, 4th floor, 15 Bath Street, London EC1V 9PY

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Thursday January 21 1993

Mr Clinton's opportunity

MR CLINTON'S inauguration marks a watershed. His will be the first post-cold war presidency; he himself is the first post-second world war president. The desires of the American people meet the instincts of Mr Clinton in the belief that renewal starts at home. But it cannot end there. By what he does and what he fails to do, he will define not merely the future of his own country, but that of the world as a whole.

He acknowledged this in an inaugural address whose purpose was inspirational. "There is no clear division today between what is foreign and what is domestic," he said. "The world economy, the world environment, the world AIDS crisis, the world arms race affect us all." The US remains the indispensable global leader, but acting in that capacity is also in its own interests. Mr Clinton's challenge is to link his domestic objectives to his country's global role. To succeed he must show not just his intelligence, which is evident, nor his political skill, which is unquestionable, but his capacity to choose. The formation of his cabinet gave something to almost every interest. His presidency must not.

Fortunately for Mr Clinton, his opportunity to make things happen is exceptional. The American economy is recovering, which means he can eschew short-term fixes. Congress is dominated by his own party. That could be said of Jimmy Carter as well. But the Democrats of today are both desperate for success and fearful of the American people's reaction to failure. To this receptivity at home must be added fluidity abroad. With the collapse of communism, the shape of the global polity can be refashioned. Others may influence where the world will go, but nobody can rival Bill Clinton in his capacity to determine the outcome.

Choice starts at home. The new president should leave economic recovery in the capable hands of Mr Alan Greenspan and focus instead, on two strategic issues:

the role and financing of American government and reform of the American health system.

A credible programme to eliminate the budget deficit is urgent. Since the US needs more public investment and probably more current spending as well, the answer is higher taxes. The introduction of a value added tax is the best solution. Higher taxation of petrol could be a complement. Reform of the health system to provide adequate coverage for all, at a bearable cost, will prove both technically and politically difficult. It is nevertheless essential.

Internationally, Mr Clinton has the chance to help create a truly global liberal economy, one of the great objectives of postwar US statesmanship. But first Mr Clinton must resist the inclination of some Americans towards narrow-minded mercantilism and of others towards a short-sighted moralism.

Some of those who surround the new president believe that the best way to spread human rights is to withdraw opportunities to trade. They are wrong, particularly in the most important case, that of China. Others believe that the success of American industry requires an aggressively unilateralist trade policy. They too are wrong. To be effective even in its own terms, US industrial policy has to be disciplined by the international rules that have so long been a goal of US policy. Completing the Uruguay Round is in US interests. So too is greater support for Mr Yeltsin's reforms than afforded in practice by Mr Bush.

Mr Clinton's in-tray is full, but he has a brief opportunity to set his own agenda. He will be a successful president only if he makes the hard choices that he himself in his search for the office. He must also persuade the American people and fellow politicians to accept what he decides. Yesterday, he asked his fellow citizens to break the "bad habit of expecting something for nothing". He will need all his political skills to make that message stick.

Airtours bid

THE HOSTILE bid by Airtours, Britain's third biggest package tour company, for Owners Abroad, its larger rival, poses an interesting test for competition policy. If the deal goes through, it will create a group with almost a third of the UK package tour business, above the 25 per cent market share which would normally prompt a reference to the Monopolies and Mergers Commission.

Airtours appears confident, nonetheless, that the Office of Fair Trading will not recommend a reference. Whatever private reassurances it may have received, the company can point to the MMC investigation into the 1988 takeover of Horizon by Thomson, the market leader. Though that deal also breached the 25 per cent threshold, it was cleared by the MMC, which found that vigorous competition would continue.

That view has been vindicated by subsequent price wars and by evidence that Thomson's market share has fallen since the merger. However, circumstances may have changed. While the Thomson takeover created one big group in an otherwise highly fragmented market, the Airtours deal would create a duopoly accounting for some

two-thirds of package tour sales.

Such an outcome need not be against the public interest. Duopolists compete fiercely in industries like soft drinks. In package tours, the emergence of larger groups may even yield consumer benefits by bringing much-needed stability. There may also be opportunities for larger operators to reap scale economies, for example in hotel bookings.

The task for policy is to ensure that competitive pressures push these gains on to consumers. The principal issue is less duopoly *per se* than the trend to vertical integration. If the merger succeeds, the two biggest tour operators will also control three of the UK's charter airlines and almost a third of package tour sales.

There is a risk that dominant groups might discriminate against independent competitors by, for example, denying them access to charter capacity in boom times and refusing to sell their products outside their own group. If the Airtours merger is allowed to proceed, the OFT should make clear its determination to prevent any such abuses. Better still, the MMC should be asked to examine the package tour business in depth.

Europe's agenda

YESTERDAY'S PUBLIC row in the European Parliament, between the Danish foreign minister and Greek deputies, over Greek resistance to the diplomatic recognition of Macedonia was a lame distraction. Greek fears that an independent Macedonia might harbour territorial ambitions might have been allayed by the fact that Mr Klemann-Jensen did not enhance his role as the new president of the Community by engaging in a public slanging match.

Moreover, the row distracted attention from the rest of the Community's agenda during the next six months. The overriding priority is to secure the ratification of the Maastricht treaty by Denmark and by Britain. In the meantime, the most important innovation will be the opening of membership negotiations with four applicant countries from Efta. Externally, the Community must work on strengthening co-operation with the US, starting with a serious effort to secure an agreement on the long-delayed Uruguay trade negotiation.

The problem with Mr Ellemann-Jensen's straightforward presentation was that it skirted round the profound policy conundrum which surrounds the Maastricht treaty, the programme for economic and monetary union, and the prospective enlargement of the Community. These conundrums are fundamental and urgently

need to be addressed.

First, what is really left of the policy objectives contained in the Maastricht treaty after the Danish opt-outs? Ostensibly, these concessions are unique to Denmark; but the Danish precedent implicitly renders all Maastricht commitments more voluntary. This problem could be critical for the enlargement negotiations: it will certainly be difficult for Denmark as president to insist that Sweden must shoulder obligations which Denmark itself has chosen to evade.

Second, what can be done to restore credibility to the programme for economic and monetary union, after the storm of Black Wednesday? Though the turmoil seems to have subsided somewhat, the system is manifestly under systemic strain and speculative pressures are likely to recur right up to the French elections in March, and beyond. Whether or not monetary union is still a credible objective, the source of these tensions needs to be identified and addressed.

Third, the enlargement negotiations will require an overhaul of the EC institutions: with 16 members more streamlined decision-making rules, and a reduction in the voting premium enjoyed by small countries. This is a deeply contentious issue, but it risks becoming insoluble if it is not tackled now.

It must be honestly admitted, even in the most loyal circles surrounding Chancellor Helmut Kohl, that his sweeping savings plan to finance the soaring costs of German unification has gone down like a lead balloon.

The 50-page "federal consolidation programme", painfully negotiated by Mr Theo Waigel, the finance minister, with his coalition partners and published on Tuesday, spares no one in its distribution of the cuts. It is one of the most comprehensive attempts to reduce both social spending and industrial subsidies to have been made by a post-war German government.

The programme, which involves cuts of DM20bn (£8.20bn) a year by 1995, is intended as the federal government's main contribution to a "solidarity pact" with the opposition, the 16 *Länder* (state) governments, trade unions and employers, to pay for unification and revive the collapsed east German economy.

Yet it has pleased no one, not even the parliamentary parties backing the ruling coalition. A clear majority of west German electors say they are not prepared to give up any of their income to pay for the costs of unification; that is what they are being asked to do.

Equally, it is clear that east German leaders do not think that the modest amounts of extra cash being liberated will seriously dent the problems ahead of them. As for the budget disciplinarians, including the German Bundesbank, who have been demanding radical action by the state to reduce its bloated deficits, the package simply does not go far enough. The shock of Tuesday was that, far from keeping the federal government's net borrowing requirement under control in the current year, the plan would actually push it up another DM10bn (£4.10bn) to DM53bn. The cause is a drop in tax revenues and an increase in unemployment costs resulting from the downturn in the German economy.

Coming on the same day as a long-heralded and lacklustre Cabinet reshuffle, the package would appear to demonstrate the widely held view in German political circles that the Kohl administration is adrift without ideas.

The reality is inevitably rather more complicated.

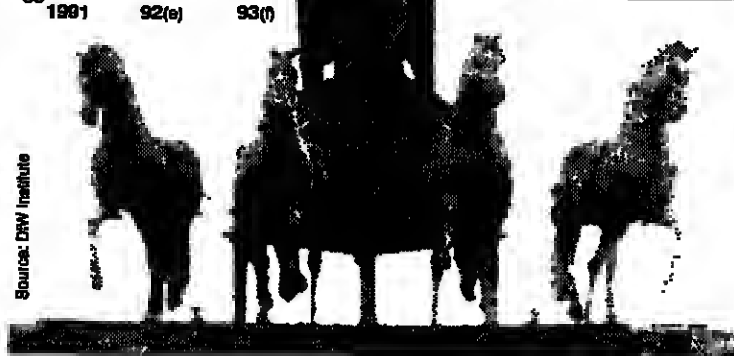
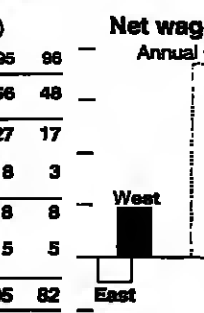
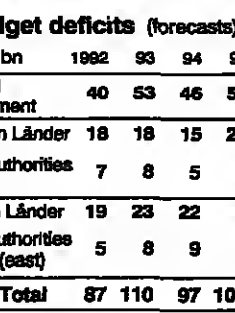
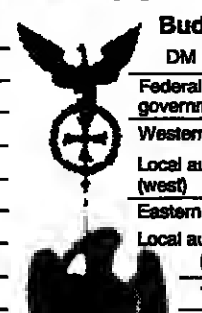
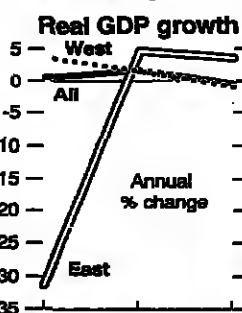
For a start, perhaps the most positive response to the whole solidarity pact package came yesterday from the least likely source - the mighty IG-Metall engineering workers' union. Mr Franz Seitz, the union leader, has been negotiating quietly with Chancellor Kohl for months. All the indications yesterday were that he was still very much on board to do a deal on the solidarity pact.

Officially, the union went out of its way to welcome several of the principal aspects which emerged from the government's proposals, all of which were answers to trade

A long way to go, but little time

The German government's savings package is a tough response to budget pressures, says Quentin Peel

Germany: the rising price of reunification



Source: DM Institute

union demands made in the talks.

They include the public acceptance that east German enterprises which cannot be sold by the Treuhand privatisation agency, and yet which offer some hope of becoming profitable in the long run, can be preserved as "federal industrial properties". That amounts, according to Mr Jörg Barczyk, the union spokesman, to a "180-degree turn in Treuhand policy".

This concession is complemented by an increase in the investment subsidy payable to small-scale east German businesses from the current 8 per cent of planned investment to 20 per cent.

The government has also accepted an increase in the oil tax, from January 1 1994, to help finance the debt burden of the German railway system.

And finally it has agreed - not explicitly in the document, but according to an assurance by Chancellor Kohl - that the government will not attempt to enforce, through legislation, a renegotiation of wage contracts in east Germany. These contracts offer eastern German workers wage parity with their counterparts in the west by 1994. A

significant slowing of that process is demanded by the employers, but Mr Kohl has said that it must be negotiated with the unions and not imposed by the government.

As for the other government cuts, they are still being weighed up in the union's Frankfurt headquarters.

What the package put forward by Mr Kohl and Mr Waigel does demonstrate, nonetheless, is the ever-shrinking room for manoeuvre of the German government between the Scylla and Charybdis of east German structural collapse, and west German economic recession.

On the political front that is compounded by the creaking processes of life in a coalition, where every government shake-up has to be dictated by the party balance, and acceptable to all. As the reshuffle demonstrated, it means that the least possible change is the most acceptable solution.

Given that reality, the consolidation package looks rather more impressive, and rather more comprehensive in its ambitions than it has yet been given credit for.

With a combination of spending cuts and backdoor tax rises,

through abolishing a variety of special tax breaks and allowances, Mr Waigel has managed to find savings by 1995 - the first year they all become effective - of some DM20bn.

That is the crunch year for the financing of unification. All the accumulated debts, totalling at least DM400bn, including those of the Treuhand and the German unity fund, in which the whole panoply of old East German debt has been collected, will then be transferred to the cost of the central exchequer.

Against a financing gap in 1995 currently estimated at DM110bn - DM46bn for the debt servicing, and DM65bn for subsidising the impoverished eastern *Länder* - savings of DM20bn may appear decidedly modest. Mr Waigel has announced his intention to reintroduce the "solidarity surcharge" on income tax to help bridge the gap. He has also started to slim some sacred cows.

He plans to introduce means tests for both children's allowances and the generous subsidy given for new babies; he plans to cut back unemployment benefits, in a bid to keep them below minimum wages; and he is proposing, to the horror of the

property-owning classes, a 50 per cent cut in tax relief on mortgages on old houses.

He is also launching a new attack on the direct subsidies paid to agriculture, coal-mining and ship-building, all defended by formidable political lobbies.

The package thus appears to be a significant step in the direction of one of the principal demands of Mr Tyl Necker, president of the federation of Germany industry, the BDJ - that it should create a "psychology of saving" not just in the public sector, but in the population at large.

The savings programme has, however, more precise and immediate aims which may prove more elusive. Most pressing is the intention, spelled out precisely by Mr Waigel in his plan of persuading the German Bundesbank that it now has the necessary "room for manoeuvre" for interest rate reductions.

Given the immediate DM10bn rise in this year's net borrowing requirement, that is questionable. The central bank was not giving the slightest hint yesterday of its reaction. In Frankfurt banking circles, however, there was a clear feeling that the package so far has not helped the bank to budget.

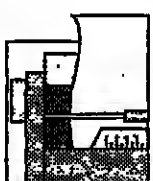
The truth is that the Bundesbank is insisting on seeing clear downward movement in the underlying trends of both inflation and money supply, before it will relax its principal interest rates. It believes that movement is coming, but it is still not quite visible yet. The combination of a 1 percentage point increase in value-added tax on January 1, and administered price rises in eastern Germany, mean that both January and February are likely to see headline inflation figures about 4 per cent again - an upwards blip, before the downward trend to 3 per cent resumes.

Yet the domestic and international pressure for interest rate cuts is becoming hard to resist. German government and industry fear that the current downturn could persist long after mid-year - the hoped-for turning point - if interest rates stay too high too long. And failure to move German rates down before the French elections in March could cause renewed pressure on the French franc.

If a solidarity pact can be agreed before then, it would give the Bundesbank just the credibility lift it needs to move.

That is the immediate gamble Mr Kohl and Mr Waigel have undertaken. In the long term, the figures for paying off the "burden of the past" in east Germany still look grim. But if they cannot get the German economy moving again before 1994 - election year - then the pain of paying for unification will be stretched well past the end of the century.

The era of no-commitment capitalism



PERSONAL VIEW

As an executive in a big US insurance group confesses that it throws out unused annual reports of companies to which it invests. This group, along with many others, now relies on computers to guide its investment policy rather than analysts. This trend, however, can lead to imprudent investment.

The insurance company's investments are largely driven by the pseudo-scientific techniques of group rotation. This involves investors shifting their portfolios from, say, defence stocks to regional banks. All the subtleties and nuances of a particular business escape them. Either they do not care, because they are trading a particular industrial sector as a whole, or they do not know, because their computers miss so many fine-grained distinctions.

Those computers suffer from two

big handicaps. First, they cannot see what is going on in the world. Being strong on history but weak on current events, they can only reason by analogy from the past.

Second, faced with the overload of too many unquantifiable forces at work - the Bundesbank, the collapse of the Soviet empire, to name two - the computer does what any of us would do with an instinct for survival: it ducks. It focuses on one or two factors and makes believe all the other variables will remain constant.

Computers, of course, are not the real problem; the problem is us. Rather than attach great weight to matters which are inherently uncertain, we cling to the facts about which we feel more confident, even though they may be less relevant.

The increasingly popular alternative to sector rotation and other such active strategies has been to become passive, and track the market indices. By some estimates a third of US pension fund equities are now indexed - they consist of a

selection of stocks that matches some of a top market index, such as the Standard & Poor's 500. For an investor, there is no need to read financial statements.

The asset allocators and the indexers, who now control a majority of US pension funds and other managed equities, may seem worlds apart, yet they have much in common.

US institutions are ignoring their social responsibility through computer-driven investing

mon. Active or passive, the focus has not been on particular businesses but always on the market. Beat it by a nanosecond (the active) or join it (the passive).

A more appropriate programme is both simple and difficult. The simple part is to think small and establish whether a company has a

well-defined market position, an excellent balance sheet, the ability to weather industry downturns, a good management and a reasonable share price. The difficult part is to buy against the crowd.

Keynes wrote to a friend 50 years ago: "To suppose that safety first consists in having a small gamble in a large number of different directions... as compared with a substantial stake in a company where one's information is adequate, strikes me as a travesty of investment policy." Keynes felt he could not know more than a few companies at a time. Peter Lynch, who ran Fidelity's large Magellan fund for many years, kept track of hundreds, but then he hardly slept.

My larger concern is that US institutions, which now manage more than half the country's equities, opt from one-third in 1980, are ignoring their social responsibility through computer-driven investing. By focusing, for example, on short-term performance criteria, US institutions sold some big airlines

in the 1980s to unsuitable buyers, not caring what happened to the employees or the millions who depended on their services.

Officers responsible for corporate pension funds could mitigate these problems by insisting that equity managers hold no more than 20 stocks and that they maintain an average holding period of at least two years. They could also require that the managers put a big part of their personal wealth in the fund they manage.

Computers cannot fathom the reach of the human spirit or the depth of our frailties; they are indifferent to social effects. This capitalism of computer analytics, this capitalism without knowledge and committed capitalists, lends itself to abuse that the larger community cannot countenance for long.

Louis Lowenstein

The author is Rikind professor of finance and law at Columbia University, New York

End of mission?

One of the first things on Bill Clinton's agenda, now that he is safely ensconced in the White House, is to decide what to do with America's overseas ambassadors. There are 168 of them who, unless told otherwise, must be out of their embassies within six weeks.

All of the politically appointed envoys will almost certainly be made redundant. While the 127 who are career diplomats may lose their embassies, however, they will not be out of a job.

One of the 127 is America's highly popular ambassador to the UK, Ray Seitz, whose future is arousing intense interest among Brits.

John Major, still nervous about any Clinton backlash following his party's support for President Bush's failed re-election campaign, has made little secret of his hopes that Seitz will be reappointed. Many others of all political colours share the same view.

But has Britain erred by lobbying too aggressively for Seitz?

History suggests he won't keep the job. One has to go back to the last century to find a US ambassador in London surviving a change of president. Whitelaw Reed served Presidents Taft and Roosevelt. But they were both Republicans. Only John Hay, who served Presidents Cleveland and McKinley, withstood a change of

ruling and presidential party. Seitz may survive because he is the first non-political figure to hold the job. But if he doesn't, the danger for Major is that it will be seen as another blow for the "special relationship".

Absorbing

While it's puzzling how something best known for insolvency can be digested, that is what looks to be happening to Cork Gully after its merger with Coopers & Lybrand.

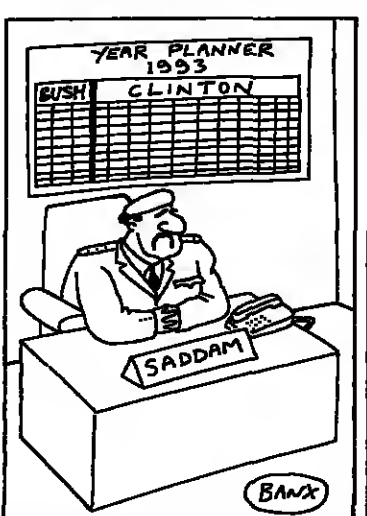
Like Deloitte Haskins & Sells which went the same way beforehand, the insolvency specialist is seeing its name disappear. Its annual commentary has this year been retitled the Coopers review, for instance, and top Cork Gully staff appearing in public are labelled as Coopers partners.

Could someone have decided that, much as the 1986 insolvency act is the kiss of death to corporate recoveries, the old name bestows a hangman's handshake on struggling companies?

Tamed

As if taming between a pair of hungry lions, most foreign dignitaries arriving in Jerusalem say nothing at all to provoke either Israelis or Palestinians. But Kyrgyzstan's president Askar

OBSERVER



Askar is clearly no such pussyfoot.

Warmly welcomed by Israel's president Chaim Herzog as the first visiting head of state from the former Soviet Union's mainly Moslem central Asian republics, he proclaimed: "I pray to Almighty God for the long-awaited independence of the people of Palestine." Whereupon foreign minister Shimon Peres observed tartly: "We are going to hold a dialogue with our guest."

Peres clearly has powers of persuasion. Yesterday his ministry triumphantly announced that Kyrgyzstan has agreed to follow Costa Rica and El Salvador in

housing its embassy in Jerusalem - hub of the Arab-Israeli conflict, which few nations recognise as the Israeli capital. Even so, Akayev may well have left one lion purring in Israel at the price of finding the other roaring back home. His Moslem brethren in the Arab world and elsewhere will no doubt now want a dialogue with him in their turn.

Dolorous

The most notable thing about the government's New Horizons for Womeo exhibition, which employment secretary Gillian Shephard opened in Manchester yesterday, was that there was only one proper employer among the 36 exhibitors - Tesco.

The Conservative Women's Association, the TUC, the Soroptimists and the Pre-School Play Groups Association are jolly good things, but they can't do much to reduce the number of womeos in the drole queues.

Dawn raiders

Hot tip from Hong Kong: Feng Shui says the Year of the Cockerel is going to be another bumper year for the local stock market, the world's top performer last year. It's not as daft as it sounds, if a Feng Shui index invented by Credit Lyonnais Securities (Asia) for the Year of the Monkey, which

ends this weekend, is as accurate as it was last year. In terms of calling the market turns it proved far more deadly than any of Hoog Kong's research teams - including Credit Lyonnais' own bunch.

Feng Shui, an ancient Chinese predictive art, involves study of the relationship between basic elements, such as water and wind. It also utilises the Chinese calendar. The Cockerel is an autumn animal, so punters can look forward to a much stronger second half of the year. The Feng Shui chartists are highly optimistic. Not so Credit Lyonnais' analysts who are increasingly nervous about the robed Feng Shui disciples encamped in a corner of their office.

Fatal attraction

In the wake of the hard sell and the soft sell, now the death sell. On the same day as the British government is urged by a Commons select committee to join in the banning of tobacco advertisements across Europe, a poster advertising campaign is launched by a company which, like its products, is called Death Cigarettes.

"We are selling cigarettes in a progressive, responsible way, advertising the truth behind cigarettes, that they are dangerous and debilitating. At the same time we donate 10 per cent of our profits to cancer research," company finance director Sten Bertelsen explains gravely.

Moslems agree to ceasefire with Croatian allies Bosnian Serbs approve peace plan proposals

By Laura Silber in Pale, Bosnia and Robert Maithner in London

BOSNIA'S Serbs yesterday approved by an unexpectedly large majority the first stage of an international peace plan, which their leader, Dr Radovan Karadzic, accepted in Geneva last week under extreme duress.

Their hands raised in the Serbian Orthodox three-fingered salute, 55 deputies of the self-styled Bosnian Serb parliament voted in favour of the constitutional principles for a future state of Bosnia-Herzegovina, with 15 against.

The large majority was deceptive. It was achieved after two days of fierce debate, during which most of the deputies bitterly criticised the international community and pledged never to capitulate to western threats at the expense of "holy Serbian goals".

The Serb assembly's vote coincided with the agreement of Bosnia's Moslem leaders to an immediate ceasefire of their recent clashes with their nominal Croatian allies, following the intervention of the international mediators, Mr Cyrus Vance and Lord Owen.

The co-chairmen of the Geneva

peace conference on the former Yugoslavia had flown to the Bosnian capital Sarajevo yesterday for talks with President Alija Izetbegovic of Bosnia and his prime minister, Mile Akmedzic, with the specific aim of stopping the fighting, which was threatening the peace talks.

Rifkind warns on military deployment.....Page 6

Earlier, Mr Mate Boban, the Bosnian Croat leader had ordered his troops to stop fighting Moslems over disputed territory in the draft peace accords. After the Bosnian Serbs' vote and the Moslem-Croat truce, a spokesman for the mediators announced that the peace talks would be resumed in Geneva on Saturday.

Although the Bosnian Serbs have formally accepted the mediators' constitutional framework for Bosnia-Herzegovina, providing for a unitary state divided into 10 semi-autonomous provinces, it was clear that most of the deputies were still deeply opposed.

"We have to choose between war and peace," Mr Momcilo Krajisnik, the hardline speaker of the

Bosnian assembly, said. "The decision was taken under international pressure and threats of isolation." His statement was a clear reference to the pressure to which Mr Karadzic and the deputies had been subjected by President Slobodan Milosevic of Serbia, anxious to see an end to the conflict and thus to international sanctions against Serbia.

At the meeting of the assembly in the converted canteen of the Famos motor factory, Serbian leaders assured the deputies that they were not renouncing the creation of a separate Bosnian Serbian Republic by their vote, whatever the international mediators might say. They emphasised that the most vital part of the Geneva peace process still lay ahead - the talks on the detailed map of the provinces into which the country would be divided.

The Serbs, who currently occupy some 70 per cent of the total territory of Bosnia-Herzegovina, have been allocated 43 per cent under the Vance-Owen plan. Mr Karadzic, who dismissed the proposed map as "arbitrary and unfair", said he would not support any solution which involved the abandonment by the Bosnian Serbs of their right to self-determination.

Danish speech on Macedonia provokes Greek rage

By Lionel Barber in Strasbourg

MR Uffe Ellemann-Jensen, outgoing Danish foreign minister, yesterday provoked uproar in the European Parliament when he called on Greece to stop blocking EC efforts to reach agreement on recognition of the former Yugoslav republic of Macedonia.

Greek MEPs denounced Mr Ellemann-Jensen's statement as a "moral and ethical disgrace" and said he had cast a slur on the Greek nation. The stormy reaction threatened to bring to a head the simmering dispute in the Community on how to resolve the Macedonia question.

In Athens, the Greek government called an emergency cabinet meeting and asked the next EC Council of Ministers to consider censuring Mr Ellemann-Jensen for "unacceptable" conduct before the parliament.

But Mr Ellemann-Jensen, who is expected to stand down after 10 years as Denmark's foreign minister when a new government forms in Copenhagen, remained unrepentant.

It was time to "wash out the wound" of Macedonia by supporting moves in the UN Security Council to give Macedonia a seat in the UN General Assembly, he said. The Community was "growing weary" of the Greek government's obstructions.

"Greece feels threatened by Macedonia despite being in the EC and NATO. I feel this is unacceptable because it shows a lack of trust in these organisations," he said.

The EC has tried for more than a year to reach a common position on recognition, but Greece has resisted on the grounds that it could provoke territorial claims on its northern province of Macedonia.

Denmark, which took over the EC presidency at the new year, has pressed for recognition so that humanitarian and financial aid can reach the republic which is caught between hostile neighbours, Serbia and Greece.

At a news conference, Mr Ellemann-Jensen said yesterday he was a friend of Greece, but it was time for the EC to stop "walking like a cat around the porridge".

The fracas over Macedonia overshadowed the parliament's debate on Yugoslavia and news of the Bosnian-Serb agreement to the Vance-Owen peace plan.

Mr Ellemann-Jensen and Mr Hans van den Broek, the new EC commissioner for external affairs, warned that the next step must be to enforce the peace plan.

If the parties failed to abide, further pressure would be forthcoming, including the diplomatic and economic isolation of Serbia and possible military action.

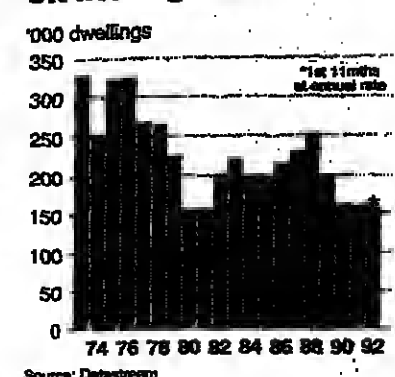
Weathering ERM storm, Page 2; Editorial Comment, Page 11

THE LEX COLUMN

Selling short

FT-SE Index: 2748.7 (-11.1)

UK housing starts



Source: Debenhams

expected any significant move as early as today's council meeting. Pressure on the French franc has abated so there is no currency market reason to cut rates. The central bank will almost certainly want to keep up the pressure on public sector workers to accept a reasonable pay settlement. For the sake of its credibility it may also want to wait till the January money supply figure becomes available. This is likely to show a sharp deceleration since it will be the first monthly figure to be calculated off the high base established during the final quarter of 1992.

The Bundesbank may have to acknowledge that little more can be achieved on the budget, especially since it is clearly growing more worried about the state of the economy. But the old pattern whereby slowdown leads to steep falls in rates may not be repeated if the budget deficit starts pushing up yields in the bond market.

Besides, it is a moot point whether another rate cut would do much to excite consumers who have other things on their minds: fear of unemployment, tax rises and low income growth for those in work. Unless the government can find a way out of this vicious circle, the danger remains that lack of confidence could lead business to cut capacity further. The trend line of UK economic growth would then fall and the budget deficit would become chronic.

Vodafone

Vodafone's juicy margins cannot last forever, so evidence of approaching competition from Mercury might be expected to unsettle investors. Yet the 8 per cent fall in Vodafone's shares in the past two days is slightly irrational. Mercury's deal for cheap connection charges with BT primarily relates to the price of incoming calls - a factor unlikely to prompt subscribers to move from Vodafone's system to Mercury's personal communications network, due later in the year.

More worrying is the thought that Mercury may price outgoing calls cheaply too, substantially undercutting existing cellular providers. Vodafone has a number of responses

including new pricing packages and the beginnings of a new cellular system similar to Mercury's. As Mercury is only starting in the M25 area, Vodafone may cede market share rather than cut prices initially. But eventually, as Mercury becomes established, Vodafone will be increasingly forced to compete on price. The timing of this battle will determine the company's earnings prospects.

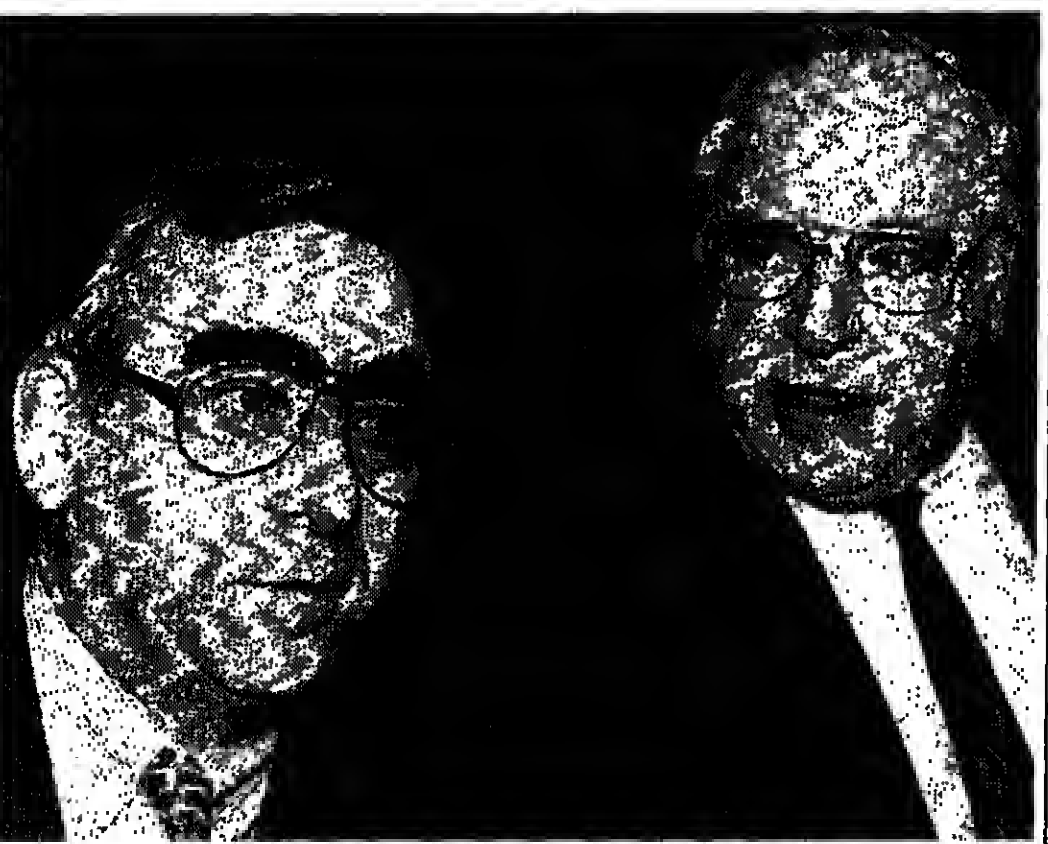
Vodafone's natural inclination may be to defer price cuts on its existing system. Particularly so because Mercury's system - restricted to London and using untried technology - may have limited appeal to customers. But the response of Cellnet, the other cellular network, could upset that calculation. Cellnet started the move towards lower rental charges in the autumn and has no product similar to the new Mercury or Vodafone systems. If it cuts prices in a bid to maintain market share, Vodafone will have to follow.

UK housing

Yet again there is talk of a revival in the housing sector. Yet again investors run the risk of disappointment. Shares in building materials and construction companies have been pushed up firmly as expectations have grown. Both sectors have outperformed the market by around 20 per cent in the past three months. There seems little room for more.

The good news is that the straws in the wind suggesting renewed activity in the housing market are rapidly turning into a small haystack. Housing showrooms and estate agencies have reportedly been buzzing with activity. Prices appear to have found a floor. Even the Royal Institution of Chartered Surveyors suggests the housing market is finally stabilising.

But the evidence is still patchy. Repossessions and rising unemployment are likely to sap confidence for a while to come. Besides, any resurgence in the housing market will take time to feed through into profits for building materials companies and housebuilders. The biggest of them, such as Tarmac and Wimpey, appear too financially constrained to exploit any surge in demand for new houses. The purer players, such as Wilson Bowden, Berkeley and Bryant, are far more likely to benefit. But the market has hardly neglected their charms. Most are trading on historic multiples of around 20. That looks expensive when recovery will be protracted.



Solidarity pact: German chancellor Helmut Kohl (right) with finance minister Theo Waigel yesterday

Kohl's pact plan gets IGM backing

Continued from Page 1

sions from the government, split out in the federal consolidation programme published on Tuesday. They include a willingness to preserve east German enterprises in order to restructure

them, even if they cannot be sold by the Treuhand privatisation agency by the end of 1994, and an increase in investment subsidies for business in the east. Another key concession welcomed by the union was the agreement to raise oil taxes in 1994 to finance the

debt burden of German railways. In a statement last night, the BDI said the government's savings package represented "an important move to bring its financial policies closer to the new economic realities of a united Germany".

When it was all over, he took Mr Bush to the helicopter which began his journey back to Texas and a new life as a private citizen.

Throughout the morning, Mr Bush sometimes allowed a wry smile to cross his face. After all, he knows what the day is like.

The world outside, including Iraq, did not intrude on the day. The Senate planned to confirm in the afternoon several of the new Cabinet, while other second-tier nominations were expected. Business as usual resumes today.

Germany to make insider dealing illegal

By David Waller in Frankfurt

GERMANY is finally to get a law making insider dealing a criminal offence and introducing a centralised supervisory body to regulate the securities industry, a senior official from the Bonn finance ministry said yesterday.

Mr Dieter Gernerding told a conference in Bad Homburg that the necessary amendment to existing securities law ought soon to be ready in draft form. It is expected that the law could be in place by the end of this year.

The lack of an insider law and

the creation of a supervisory body are regarded as essential steps to strengthen Germany as a financial centre.

These proposals lay at the centre of a policy document published last January by Mr Theo Waigel, finance minister, which outlines measures designed to enhance the German financial markets' competitive position.

It was originally intended that they would be in place by the end of 1992 and the lack of an insider law is embarrassing for Germany as the European Community Directive on this issue should

have been implemented by members by last summer.

International investors' image of Frankfurt as a financial centre was tarnished after a series of insider dealing scandals in the summer of 1991. Frankfurt financiers dispute the seriousness of the scandals, but accept the need to make insider dealing a criminal offence and tighten up regulations.

The lack of a national supervisor has made it difficult for Germany to conduct negotiations with similar bodies from other countries, notably the Securities

and Exchange Commission in the US, and hampered German companies and financial institutions.

Germany's Länder (state) governments are currently responsible for supervising the securities market within their own territory. Over the past year regional ministers have been meeting to discuss details of the proposals.

Ministers are meeting in Frankfurt on Monday when, according to Mr Gernerding, they will see draft final proposed changes to the law.

Bar to foreigners, Page 15

Clinton promises new season of American renewal

Continued from Page 1

mean role models, had given shorter inaugural addresses.

But mostly this was a day of pageantry in the transfer of power, given an especially Clintonian flavour. He began it not by jogging but by standing at service at the African Methodist Episcopal church, marked by glorious gospel singing.

His touch was evident in the ceremonies themselves, with Marilyn Horne from the Metropolitan Opera singing a medley of traditional songs and Maya Angelou reading a powerful poem, "On The Pulse Of The Morning", specially composed for the occasion.

He took his oath from the Supreme Court's chief justice, Mr William Rehnquist, with his

left hand on a bible given to him by his grandmother, open at the passage from St Paul's epistle to the Galatians which concludes: "He that sows to the Spirit shall of the Spirit reap everlasting life."


When it was all over, he took Mr Bush to the helicopter which began his journey back to Texas and a new life as a private citizen.

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| World Weather | | °C °F | | °C °F | | °C °F | | °C °F | | °C °F | | °C °F | | °C °F | |
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| Algiers | S | 17 | 63 | Cairo | F | 17 | 63 | Geneva | C | 8 | 46 | Manila | C | 26 | 79 |
| Amsterdam | R | 10 | 50 | Chengdu | F | 23 | 73 | Hong Kong | F | 12 | 54 | Mexico City | F | 25 | 77 |
| Athens | S | 14 | 57 | Cebu | F | 26 | 79 | Los Angeles | F | 5 | 41 | Nairobi | F | 22 | 72 |
| Bahran | S | 14 | 57 | Colon | F | 26 | 79 | London | C | 8 | 46 | Rio de Janeiro | F | 22 | 72 |
| Bangkok | C | 23 | 81 | Copenhagen | F | 9 | 48 | Madrid | C | 12 | 54 | Rome | S | 13 | 55 |
| Barcelona | C | 13 | 55 | Dallas | F | 9 | 48 | Moscow | F | 8 | 46 | Salt Lake City | F | 12 | 54 |
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| Calcutta | F | 26 | 79 | Los Angeles | F | 5 | 41 | Shanghai | F | 12 | 54 | Sydney | C | 16 | 61 |
| Cardiff | C | 9 | 48 | Manila | C | 26 | 79 | Stockholm | C | 10 | 50 | Taipei | C | 16 | 61 |
| Chengdu | F | 23 | 73 | Mexico City | F | 25 | 77 | Tokyo | C | 16 | 61 | Tel Aviv | S | 17 | 63 |
| Chicago | F | 12 | 54 | Nairobi | F | 22 | 72 | Toronto | C | 11 | 52 | Tenerife | S | 19 | 66 |
| Columbo | F | 26 | 79 | Rio de Janeiro | F | 22 | 72 | Valencia | S | 12 | 54 | Tokyo | C | 16 | 61 |
| Dallas | F | 9 | 48 | Rome | S | 13 | 55 | Vancouver | C | 10 | 50 | Toronto | C | 11 | 52 |
| Dubai | F | 26 | 79 | Salt Lake City | F | 12 | 54 | Warsaw | C | 5 | 41 | Toronto | C | 11 | 52 |
| Durham | F | 9 | 48 | Sao Paulo | F | 22 | 72 | Washington | C | 4 | 39 | Toronto | C | 11 | 52 |
| Edinburgh | F | 9 | 48 | Seoul | F | 12 | 54 | Zurich | F | 9 | 48 | Toronto | C | 11 | 52 |
| Geneva | C | 8 | 46 | Singapore | F | 26 | 79 | Temperatures at midday yesterday | | | | | | | |
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INTERNATIONAL COMPANIES AND FINANCE

Air France president aims to halve FF3.2bn loss

By David Buchan in Paris

AIR FRANCE, the French state carrier, yesterday announced a consolidated loss of FF3.2bn (\$507m) for last year, but said it expected to halve this loss in 1993.

Mr Bernard Attali, president, last month warned that his company's 1992 loss would be around FF3bn.

In 1991, the airline made a FF685m loss.

After a board meeting yesterday, Air France said its hope

for a reduced 1993 loss was based on reports that it would carry 5 per cent more passengers and 7 per cent more freight than it did in 1992.

Last year, it saw an 8.7 per cent rise in passenger traffic.

Mr Attali has complained to the European Commission that its competition directorate has favoured its arch-rival, British Airways, to Air France's detriment.

He has also warned Brussels against rushing deregulation in a way that could weaken

European airlines financially as it has in the US.

To counteract this, Air France will slim its workforce by a further 1,200 this year. But some new jobs related to the servicing of aircraft from Sabena, the Belgian carrier in which Air France has an important stake, will be created.

Last year, Air France reduced its payroll by 1,900, including some forced redundancies for the first time in its history.

Kazakhstan bank takes 40% stake in DSB

By David Waller in Frankfurt and Anthony Robinson in London

THE ALEM Bank-Kazakhstan, from the former Soviet republic of Kazakhstan, has joined a group of Turkish investors to buy a 75 per cent stake in DSB (Deutsche-Schweizerische Bank (DSB), a small Frankfurt-based bank.

Alem is believed to be the first financial institution from the former Soviet Union to buy a stake in a German bank. The Kazakh bank, which specialises in foreign trade finance, has taken a 40 per cent stake in DSB.

A group of Turkish investors have bought the remaining 35 per cent of the stake owned by Harpener, the German industrial group which is in the throes of restructuring following a costly entanglement with Mr Werner Remy, the Swiss financier.

The Turkish buyers are the London-based Plus Communications and Technology and Mr Ahmet Ozal, a son of Turkey's president.

The remaining 25 per cent of DSB is owned by the Swiss Canto Bank, a Swiss foreign trade bank.

No financial details were disclosed, but it is understood that the investors paid more than DM19m (\$11.9m) book value of the bank's assets.

Mr Manfred Hensler, a director of the DSB, said the group intended to concentrate on financing trade between Kazakhstan, Germany and Turkey and developing its international banking business.

The Alem Bank was founded two years ago and now finances 75 per cent of Kazakhstan's foreign trade, he added.

Correction
YSL-Sanofi

THE terms of the merger between Yves Saint Laurent and YSL-Sanofi are four Sanofi shares for every five YSL shares. This was incorrectly reported in yesterday's FT.

Bols and Wessanen in merger talks

By Ronald van de Krol in Amsterdam

BOLS, the Dutch spirits and beverages group, and Wessanen, one of the Netherlands' biggest food groups, are holding talks on a full merger by means of a share swap.

The proposed merger would create a diversified food and beverages group with sales of more than F15bn (\$2.7bn) and a strong presence in selected niches, mainly in European and North American markets, though it would remain small compared with the other recent link-ups in the foods and beverage industries.

The companies declined to give any details of the share swap proposal, apart from saying that the merger would be on the basis of equality.

Shares in Bols, which is significantly smaller than Wessanen but makes roughly the same profits, rose strongly on the news, closing up 9.8 per cent at F147. Wessanen fell F15 cent at F147. Trading in both companies' shares was suspended in mid-morning ahead of the announcement.

The proposed merger brings together two companies with virtually no overlapping areas of business.

Bols, which has sales of

around F1.2bn, is best known for its range of liqueurs.

It has diversified heavily into wines and non-alcoholic drinks in order to reduce its dependence on spirits. Nearly 90 per cent of turnover is generated in Europe.

Wessanen, with 1991 sales of F13.9bn, has transformed itself from a producer of bulk foodstuffs to a group active in branded foods.

Around 60 per cent of its sales are in the US, where it made a string of acquisitions in the 1980s in ice creams, yoghurt and other dairy products.

One of its best-known prod-

ucts in Europe is Leerdammer cheese.

Neither company would be drawn on the thinking behind the talks, and analysts expressed surprise at the plans.

Bols faces heavy expenses in advertising and marketing to realise its goal of taking local drinks, such as Italy's non-alcoholic aperitif Crodino, and position them as pan-European drinks. The tie-up with Wessanen would give it access to additional funding.

Wessanen has said that it wants to expand in Europe, where Bols is particularly strong.

SE Banken plans to restructure

By Christopher Brown-Humes in Stockholm

SKANDANAVISKA Enskilda Banken, Sweden's leading commercial bank, is planning a sweeping reorganisation to help restore profitability.

An announcement is expected within the next month and could come after today's group board meeting.

The restructuring could include severe job cuts, branch closures, management changes and the sale of non-core businesses. The bank said yesterday that a reorganisation was

under way but would not comment on reports that it was to be split into three parts, covering traditional business, corporate lending and bad debts.

News of the planned overhaul comes just over a month after the bank contacted the government about possible state support.

SE Banken has suffered large credit losses, along with other Swedish banks, and recorded a SKr4.6bn (\$615m) operating loss for the first eight months of last year. Credit losses for the whole of 1992 are expected to reach SKr10bn. Capital ade-

quacy has also been impaired by the falling value of the floating Swedish krona.

The bank has indicated tough cost-cutting measures will be required to restore profitability, including a SKr300m-Skr900m cut in costs this year. It has already implemented a recruitment freeze and an early retirement scheme.

Operations mentioned as possible candidates for sale include Svensk Fastighetskredit, a mortgage institute, and the bank's 78 per cent holding in Banque Scandinave en Suisse.

Lucas Industries integrates its electronics units

By Andrew Bolger in London

LUCAS Industries, the UK car and aerospace components group which has recently been seen as a possible candidate for takeover, has integrated its separate electronics activities into one business.

Lucas Electronics has an annual turnover of £100m (\$152m), employs 1,900 people and has sites and resources in Europe, North America and Asia.

The new business is designed to benefit from Lucas's capital investment in electronics and to exploit the increasing convergence in components used by the group's aerospace and automotive markets.

Iva sells 75% holding in Italian tube group

By Robert Graham in Rome

ILVA, the Italian state-owned steel group, yesterday announced a further rationalisation of its operations with the sale of its residual 75 per cent stake in Tubi Ghisa, a specialist in ductile cast-iron fittings, to France's Pont-a-Mousson.

The French group, which previously held a 25 per cent stake in Tubi Ghisa, has paid cash - the equivalent of L127.5bn (\$86.2m). On Iva's books, the stake was written in at L30bn.

Apart from ductile cast-iron fittings for pressure pipes, Tubi Ghisa produces from its Genoa-based plant second-casting foundry work for tubes. It has 20 per cent of the water-piping market in Italy and this

is seen as an ideal fit for Pont-a-Mousson, a European leader in water supplies. Last year Tubi Ghisa returned a L6.3bn profit on sales volume of 106 tonnes and income of L147bn.

On Monday, Iva announced its subsidiary Dalmine Tubi Speciali, producing seamless stainless steel tubes, hoped to cut costs and production via a three-way venture with subsidiaries of Germany's Mannesmann and Usinor Sactilor of France. Yesterday, Mr Piero Nardi, Iva managing director, said the group planned to raise a further L400bn this year in sell-offs. A meeting of the Iva board is expected on Friday, reported to be heading for loss in 1992 of around L1,300bn.

NatWest to challenge rival banking service

By John Gapper, Banking Correspondent

NATIONAL Westminster Bank is to launch a challenge to Firstdirect, Midland's telephone banking subsidiary. It is the first attempt by a competitor to match Firstdirect, which has more than 350,000 customers.

NatWest is planning to extend PrimeLine, a pilot tele-

phone banking service, to people who do not hold NatWest accounts. They will be offered access to a personal account manager, as well as a range of banking services.

The bank has experimented with telephone banking for 18 months, but has confined the PrimeLine service to about 9,000 NatWest customers.

It intends at least to double

the number of PrimeLine account holders in the coming year.

Most high street banks are experimenting with telephone banking services to support branch networks, but none has established a subsidiary like Firstdirect.

PrimeLine is the closest challenge Firstdirect has faced.

PrimeLine does not offer a

24-hour service: customers can telephone its centre in Bradford, West Yorkshire between 8am and 10pm on weekdays, and 9am and 5pm at weekends.

However, NatWest argues that it offers a wider service than Firstdirect.

Firstdirect has drawn some 70 per cent of its account holders from outside Midland.

Disposals ease burden of deficits

Spain could raise up to \$2.8bn through share issues, writes Tom Burns

THE Spanish government has long intended to raise cash this year through disposals in order to lighten the deficit burden. The surprise is the amount it seems to want and the speed with which it hopes to raise it.

Hot on the heels of the announcement by Repsol, the government-controlled energy group, that it is seeking to raise more than \$500m in an international share issue, Argentina, the wholly state-owned banking corporation, has said that it wants to put 25 per cent of itself on the market in order to raise about \$1.3bn.

These disposals are likely to be followed by two further placements. Analysts expect the government to offer investors around 10 per cent of its 67 per cent stake in Endesa, the large electrical utility, in an issue that could raise \$68m. They also see a possible place-

ment of as much as 20 per cent of Tabacalera, the tobacco-based group in which the government has a 54 per cent holding, which would realise a further \$173m.

If all four issues took place, the state would net around \$2.8bn - more than double the government's estimates in its 1993 budget.

The most common explanation for this increase is that the government urgently needs income because it has got its budgetary sums wrong. It is particularly worried that it will be unable to reduce the budget deficit this year by a planned two points, to 2.5 per cent of gross domestic product.

Those fears are well grounded. The budget forecast 1 per cent growth for 1993, an estimate that now appears wildly off-target.

"We believe the economy will grow by 0.3 per cent this

year and we may be optimistic," says Mr Jaime de Pinias, head of research at Banco Santander de Negocios.

Just as ominously, there has been no sign so far that government spending has been contained.

In fact, analysts expect spending to rise, partly because this is an election year and partly because of the demands on the social security department by the growing legions of the unemployed.

Barred from any move that might kick-start the economy, such as lowering the cost of borrowing (because high interest rates are required to rebalance existing government debt) and also hobbled - because of the elections - from raising taxes, the government has few options other than to sell off as much as it can.

The question is: can it sell so much, so quickly?

"If the disposals are tackled intelligently, spaced out and properly priced, the market should absorb them without difficulty," says Mr Juan Bastos, director-general of the Madrid securities firm Cestamar.

Repsol, Endesa and Tabacalera are all actively-traded blue chips that need no introduction to investors.

Argentina, though a newcomer to the trading floor, is a powerful and sound institution that may offer an opportunity to gain a presence in Spain's profitable banking sector.

If potential investors have reason to be bullish, the government is equally justified in being encouraged by the prospective placements.

The disposals should help see it through what looks like being an otherwise bleak year.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re
CHATELAIN CORPORATION,
DEBTOR.
7111 LTV CORPORATION, et al.
Debtors.

In Proceedings for a Reorganization Under Chapter 11,
Case No. 89-11370 (RBL),
Through 89-11374 (RBL),
Inclusive, 89-11402 (RBL),
and 89-11461 (RBL).

AMENDED NOTICE OF HEARING TO CONSIDER APPROVAL OF DEBTORS' DISCLOSURE STATEMENT

70. ALL HOLDERS OF CLAIMS AGAINST THE ABOVE-CAPTIONED DEBTORS ARE HEREBY NOTICED:
- PLEASE TAKE NOTICE that on February 17, 1993 (the "Hearing Date"), at 10:00 a.m., in Courtroom 623 of the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, a hearing (the "Hearing") will be held before the Honorable David R. Lefland, Chief United States Bankruptcy Judge, to consider the entry of an order approving the Debtors' Disclosure Statement (the "Disclosure Statement") filed in the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code and the Debtors' Disclosure Statement and the Debtors' Disclosure Statement and the Debtors' Disclosure Statement.
- (1) finds that the Disclosure Statement contains the following information:
- (a) the Debtors' Disclosure Statement, as amended, contains the following information:
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INTERNATIONAL COMPANIES AND FINANCE

Mainframe sales contrast strongly with those of IBM

Unisys posts strong earnings growth

By Louise Kehoe
in San Francisco

UNISYS, the US computer and defence manufacturer, reported strong earnings gains for the fourth quarter and year. It added that it expected significant earnings growth in 1993, setting the company on the path to recovery after three years of heavy losses.

Unisys's strong results contrast sharply with the heavy losses reported by IBM a day earlier.

Mr James Unruh, chairman and chief executive, said: "In a very difficult year for our industry, we successfully turned the company round and exceeded all our financial and operational goals."

For 1992, Unisys reported net income of \$361.2m, or \$1.40 per share, including 36 cents per share tax gain from loss carry-forwards.

In the previous year, it

reported a net loss of \$1.4bn, or \$9.37, which included a special charge of \$1.2bn. The net income data exclude preferred stock dividends of \$122m per year.

Revenue declined in 1992 to \$8.42bn from \$8.7bn in 1991, or \$8.57bn adjusted for the sale of the Timeplex subsidiary in June 1991.

While IBM's sales of mainframe computers declined by a double-digit percentage in 1992, Unisys said sales of its mainframe computer showed double-digit gains over 1991.

For the fourth quarter, Unisys made net income of \$139.2m, or 58 cents a share, including 15 cents per share from the tax benefits of operating loss carry-forwards.

Last time, it recorded net income of \$80.5m, or 31 cents. Revenue of \$2.26bn was higher than expected, the company said, but below the \$2.46bn



James Unruh: successfully turned the company round

In the fourth quarter of 1992, Mr Unruh said that "1992 was an outstanding turnaround year. Revenue stabilised, profitability improved, and cash flow from operations

exceeded \$1.1bn - well over our goal of \$700m". Debt was reduced nearly \$300m to about \$2.5bn.

Debt net of cash is now less than \$1.7bn, the lowest level since the formation of the company in 1986 from the merger of Burroughs and Sperry.

Mr Unruh also announced a "major initiative" to build information services capabilities.

"For 1993, we expect to show further significant progress in profitability and to further strengthen our balance sheet in spite of global economic weakness, particularly in Europe and Japan. We have based our business plans on flat revenues."

The Unisys share price gained 11 1/4 to trade at \$24 1/2 before the close yesterday, on news of the stronger-than-expected fourth-quarter performance.

Alcan loss hits \$56m in final quarter

By Robert Gibbens

ALCAN Aluminium, faced with continuing low ingot and fabricated products prices, lost US\$56m, or 29 cents a share, in the final quarter of 1992, against a loss of \$36m, or 18 cents, a year earlier.

Revenues were \$1.86bn, little changed from the 1991 period.

For all of 1992, Alcan's loss was \$112m, or 60 cents, against a loss of \$36m, or 25 cents, in 1991.

Revenues were \$7.6bn against \$7.7bn. The figures were struck after preferred share dividends.

The 1992 loss included special environmental and rationalisation charges of \$68m, up slightly from 1991.

Royal Trustco negotiating alliance following review

By Robert Gibbens in Montreal

ROYAL TRUSTCO, Canada's second-biggest trust company, is negotiating an alliance with another institution, and the Toronto Bronfman family may cede its 48 per cent indirect control.

The Edper Bronfmans, related to the Montreal Bronfmans who control Seagram, won control of Royal Trustco in a spectacular takeover battle with property developer Mr Robert Campeau in 1979.

In the past two years, RT has been hit by the property collapse in Britain and the US as well as the recession in Canada. While it has insisted its core fiduciary and banking business in Canada remained

sound, RT has sold major assets and has written down loan losses heavily.

Mr James Miller, 61, the chartered accountant who took over as chief executive on December 1, said: "RT prefers to seek an alliance with another large financial institution that would make a major equity investment."

"Talks are under way with a number of institutions which could result in the new investor ultimately becoming the largest shareholder of RT."

Mr Miller said the talks resulted from a complete strategic review of RT undertaken with London investment bankers, S.G. Warburg, and due for completion on January 31.

Trilon, a holding company

through which the Bronfmans control RT, last month bought in C\$100m of publicly-held RT preferred shares and is ready to put in C\$100m (US\$75m) of new equity to demonstrate its continuing support, Mr Miller said.

Mr Miller warned that more write-downs would come in the year-end results. "A loss is projected in the final quarter, which will also include restructuring charges."

RT, with corporate assets of C\$34bn, posted a third-quarter loss of C\$243m, or C\$1.68 a share, including a C\$150m special write-down. Its dividend was cut for the second consecutive quarter and credit agencies have reduced ratings on RT notes and debentures.

LTV in new move to end bankruptcy

By Nikki Tait in New York

LTV, the steel company at the centre of one of the long-running and most contentious bankruptcy cases in the US, yesterday filed its second modified plan of reorganisation.

With most parties agreed on the shape of LTV's restructuring, the plan is likely to be put to a vote of creditors and shareholders in March.

If approved, LTV must emerge from Chapter 11 protection within months - thus ending a bankruptcy which began in July 1986.

The company said yesterday that, if the plan was approved as submitted, it would emerge as the third-largest steel company in the US. It would also own a large energy division, supplying products and equipment to the oil and natural gas industries.

The new reorganisation plan is complicated. Essentially, it aims to resolve almost \$6bn-worth of claims and a further \$3bn of pension-related claims.

Creditors' claims are levied against five different entities - the parent company and four operating divisions comprising the steel, aerospace, AM General and energy businesses.

As far as LTV's underfunded pension plans are concerned, the company will make an initial cash contribution to the three steel plants of \$950m (adjusted for interim funding provided while the company remains in Chapter 11), and the remaining unfunded liability will be amortised over 28 years.

Annual payments will comprise a fixed element ranging between \$30m and \$50m a year, plus a variable element of at least 50 per cent of available cashflow after allowance for capital expenditures.

The funding for the pension plans has been the source of much dispute between the Pension Benefits Guaranty Corporation, a federal agency which underpins basic pension payments, and other creditors - one of the main reasons why the bankruptcy has been so lengthy.

Under the new reorganisation plan, general unsecured creditors' recoveries are estimated to range from 16 cents on the dollar if their claims are against the parent company, to almost 56 cents against the aerospace business.

Since general unsecured claims are being paid either in new common stock, or a combination of stock, cash and other considerations, these estimates will ultimately depend on the value at which the new shares trade.

MAZDA, the Japanese carmaker, is still pursuing a possible joint project in Europe with Ford. Mr Yoshitaka Wada, Mazda president, said yesterday. Renter reports from Tokyo.

A joint venture with Ford of Europe remained a top priority, he said.

Mazda is the only leading Japanese carmaker that has not yet announced plans for production in Europe, despite

Tenneco chief reveals illness

By Martin Dickson in New York

MR MICHAEL Walsh, chief executive of Tenneco for just over a year and the architect of a rapid turnaround in the company's fortunes, revealed yesterday he was suffering from a brain tumour, but said this would not affect his ability to carry out his work.

He said he had been advised that the median survival rate for patients with this condition, detected this early, and undergoing the kind of radiation and chemotherapy treatment he intended, was approximately five to six years, with half doing better than that, and some much better.

Tenneco's shares dropped 1 1/4 to \$40 1/2 in morning trading.

Mr Walsh, 50, is a tough manager who revitalised the Union Pacific railroad before joining Tenneco in late 1991, with a mandate to shake up the ailing conglomerate.

He quickly turned around its earnings and cut its burdensome debt to capital ratio but Wall Street analysts are still waiting for proof of a sustained recovery at its most troubled subsidiary, agricultural equipment manufacturer J.I. Case.

Mr Walsh said the "mid-grade tumour" had been identified at an early stage and the only symptom was a slight limp in his left leg. The ailment in no way affected his commitment to the company.

His doctor declared that he could continue to "carry out the full range of his responsibilities at Tenneco now, during

treatment, and for the foreseeable future".

He only discovered he had a tumour on Tuesday. His remarkably rapid and full disclosure of the problem is in line with his face-the-facts style of management and contrasts with much greater privacy over medical matters at most US companies.

TLC Beatrice, a large, privately-owned food company, disclosed that its chairman, Mr Reginald Lewis, had brain cancer on Monday, by which time he was in a coma in hospital. He died on Tuesday.

Mr Walsh said he had decided to announce his condition because not to have done so would have led to rumours and speculation which could have put investors at risk.

Boise Cascade ends year in red

By Laurie Morse in New York

BOISE Cascade, the US paper and forest products company, yesterday unveiled a fourth-quarter loss of \$29.6m, or 97 cents a share, compared with a deficit of \$15.8m, or 51 cents, last year.

For the year, it incurred a loss of \$227.5m, or \$6.73, which included a \$73m, or \$1.94-a-share, after-tax charge for required accounting changes. In 1991, Boise Cascade recorded a deficit of \$79.5m, or \$2.46.

The result had been widely expected on Wall Street, where the stock traded up 1/4 at \$21 before the close.

Weak prices for the company's key paper grades offset the positive impact of cost-cutting and strengthening timber prices on the annual results, the company said.

Sales for the fourth quarter fell to \$306m, from \$363m a year ago, while for the year sales were \$3.7bn, down from \$4bn in 1991.

The company attributed the

sales declines to falling paper prices and the January 1992 divestiture of the company's wholesale office products distribution operations.

Mr John Ferry, chairman, said he expected Boise's building products operations to benefit in 1993 from strengthening demand, and office products sectors to improve as a result of cost-cutting and recovering markets. He added that market conditions for the company's paper products were improving, but "very difficult".

Mazda seeks Ford Europe link

MAZDA, the Japanese carmaker, is still pursuing a possible joint project in Europe with Ford. Mr Yoshitaka Wada, Mazda president, said yesterday. Renter reports from Tokyo.

A joint venture with Ford of Europe remained a top priority, he said.

Mazda is the only leading Japanese carmaker that has not yet announced plans for production in Europe, despite

negotiations with Ford of Europe that have lasted for nearly four years.

Mr Wada said Mazda was also "studying alternative projects in Europe with other European makers but it is not the time to disclose their names as we first have to make a decision on a possible joint project with Ford".

Mazda is owned 24.5 per cent by Ford.

The Japanese carmaker said

it was also studying the feasibility of exporting cars from its US plant to Europe, following in the wake of Toyota, Honda and Mitsubishi Motors. No decision had yet been made on volumes or timing.

Mazda again reduced its parent company pre-tax profit forecast yesterday to Y6bn from the earlier forecast of Y7bn for the year to the end of March. Pre-tax profits totalled Y18.7bn a year ago.

St Paul Cos writes off \$365m

By Nikki Tait in New York

THE ST PAUL Companies, the Minnesota-based property-casualty insurer, has written off \$365m of goodwill attaching to the Minnet group, the troubled London-based insurance brokerage business which the US insurer acquired in 1983.

St Paul announced it planned a non-cash charge, covering a write-off of goodwill for Minnet, in November,

although it did not specify the amount.

The US company said that the write-off represented about 75 per cent of the goodwill attaching to Minnet.

It also warned that catastrophe losses - in a dreadful year for the US property-casualty sector generally - totalled \$365m before tax in 1992. This is more than quadruple the losses seen by St Paul in 1990 and 1991. Hurricane Andrew,

the devastating storm system which struck Florida in late August, accounted for about \$300m.

As a result of goodwill write-off, the catastrophe losses, a much-smaller charge related to an early retirement programme, and "disappointing" fourth-quarter results from its reinsurance and international underwriting operations, Minnet expects an after-tax operating loss of about \$35m for 1992.

Mixed fortunes from SA producers

By Philip Gawth in Johannesburg

TAXED income from the gold mines in the Gengold group fell by 11 per cent to R85.1m (\$21.2m) in the December quarter, compared with the previous three months.

But Mr Gary Maude, managing director, said the mines were in stronger shape than a year ago following a campaign to mine more efficiently.

The improvement is reflected by income after tax and capital expenditure rising to R48.3m compared with R22.4m in the December 1991 quarter.

Total tonnes milled in the group dropped by 18 per cent to 2.92m in the December quarter from 3.56m a year previously. The average yield, however, rose by 18 per cent to 6 grammes per tonne from 5.1.

While gold production over the same period fell by 4 per

cent to 17,460kg, working costs per kg of gold produced fell by 3 per cent to R26.812 per kg, despite inflation averaging about 14 per cent during 1992.

The best performances during the quarter came from Beatrix and Unisel which respectively increased taxed income to R12.7m from R7.9m and to R5.8m from R3.3m from the September quarter.

St Helena made a R3.4m loss compared with R4.1m profit the previous quarter. The figures, however, include a R8.8m one-off retrenchment cost following an effective halving of the mine's operations.

Mr Maude said the St Helena mine was set to make a solid return to profit.

At the Anglovaal and Johannesburg Consolidated Investment groups profits from gold mines increased during the December quarter.



Gary Maude: Gengold mines in stronger shape than a year ago

Helped by an impressive performance from flagship Hartbeestfontein, Anglovaal lifted taxed profits by 57 per cent to R35.3m from R22.5m during the quarter.

Taxed profit at Hartbeestfontein rose to R34m from R20.7m. Elsewhere in the group profits at ETC rose to R5.8m from R5m while losses at Loraine fell to R2.9m from R3.4m.

Taxed profits in the JCI group rose by 11.3 per cent to R22.6m from R20.3m on the back of a 3 per cent increase in production to 12,714kg from 12,338kg. Randfontein and Western Areas jointly broadly maintained taxed profits at R41.4m and R2.8m respectively.

While Joel improved its financial performance considerably - taxed profits rose to R5.2m from R775,000 during the last quarter - poor development results caused tons milled to fall by 14.4 per cent during the quarter.

The lower levels of production have forced the mine to take steps to restore profitability.

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Lehman Brothers

Merrill Lynch & Co.

Oppenheimer & Co., Inc.

January, 1993

GREEK EXPORTS S.A. ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BID

GREEK EXPORTS S.A., based in Athens at 17 Panepistimiou Street and legally represented, in its capacity as Liquidator in accordance with article 14 of law 300/1991, and following decision No. 9338/1992 of the Athens Court of Appeal

ANNOUNCES

A public auction for the highest bid, with sealed, binding offers for the purchase, in toto, of the assets of the Industrial and Commercial Heating Products Company (ABBETH) S.A. established in Athens at 10 Erimonassia Street, Rizopolis and which is under special liquidation.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

The Industrial and Commercial Heating Products Company (ABBETH) S.A. operates in a rented space within the installations of THERMIS S.A. at 10 Erimonassia Street, Rizopolis. Its activities include the production and sale of steel boilers and steel heating radiators, the sale of heating and air conditioning equipment and the assembly of elements for the manufacture of the above items supplied from Greece or from abroad. These products are of a high quality and bear the recognised trademark of "THERMIS" which it owns and which it is authorized to use.

TERMS OF THE AUCTION

- In order for the auction to take place, all interested parties are invited to receive from the Liquidator, the Offering Memorandum which describes in more detail the assets of the Company for sale, its obligations, and the necessary procedures for its transfer, as well as the form of the Letter of Guarantee needed for the submission of a binding offer to the Athens notary public assigned to the auction, Mrs. Flora Balas-Zoulia at 14-16 Faidon Street, 6th floor, Tel. 30-1-362.8143 and 360.0855 up to Wednesday 16th February 1993 at 1900 hours.
- Bids will be accepted before the above notary on Thursday 11th February 1993 at 1000 hours and with the Liquidator in attendance. All those who have submitted bids within the prescribed time limits can also attend. Any bids submitted beyond the prescribed time limits will not be accepted in consideration.
- The sealed, binding offers must clearly state the price offered for the purchase, in toto, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank legally operating in Greece, for the amount of twenty million drachmas (20,000,000 dr.) or its equivalent in U.S. dollars.
- The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights for mineral ore exploration, etc. are to be sold and transferred "as is, where it" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the Company is operating or not, and with the proper legal procedures.
- The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1952/90 article 46a, para. 1 as in force), known hereafter as the Majority Creditors, shall bear on liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible refusal of the State to approve, as required, the transfer of elements of the assets, nor for their incompleteness or faulty descriptions in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.
- Prospective buyers hereafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgment and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
- Bids should not contain terms which might prejudice their biddership or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the company in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the insurance cover, etc.
- In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by the other obligations accruing from the present announcement, then the above-mentioned guarantee of twenty million drachmas (20,000,000 dr.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with on obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as a penalty clause, and collect it from the guarantee bank.
- Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.
- The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interests.
- The Liquidator shall not be liable in participate to the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
- Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation to the auction, against the Liquidator, for any cause or reason.
- Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgage fees, rights and other expenses for drawing up topographical diagrams as required by Law 65/77, etc.) are to be borne by the Buyer.

Interested parties should apply for further information to:

- The head office of the Hellenic Industrial Development Bank, Directorate of Public Holdings, at 87 Syngrou Ave. 2nd floor, 117 45 Athens, Greece, Tel. 30-1-925.4395 and 929.4396 and to
- Greek Exports S.A., 17 Panepistimiou Street, 1st floor, 105 64 Athens, Greece, Tel. 30-1-364.3111-115.

INTERNATIONAL COMPANIES AND FINANCE

Arnotts advances 33% at half way

By Kevin Brown in Sydney

ARNOTTS, the Australian biscuit-maker, yesterday said a 33 per cent increase in six-month net profits to A\$37.4m (US\$26.7m) before abnormal items justified its rejection of a hostile takeover offer by Campbell Soup, the US food group.

The company is increasing its interim dividend to 15 cents a share from the 10.5 cents paid a year ago.

Mr Bill Purdy, chairman, said the result underlined the inadequacy of Campbell's "final" offer of A\$9.50 a share, which values Arnotts at A\$1.3bn. "Do not sell: the company is too valuable," he told shareholders.

Mr Purdy said Arnotts was on course to achieve its forecast net profit of A\$37.7m before abnormal items for the year ending June 1993. The board has also forecast a net profit of A\$69.8m for 1993-94.

Arnotts said it would continue to urge Campbell to increase its offer to about A\$11, the mid-point of a range of valuations for the company's shares proffered in an independent report by Grant Samuel, the merchant bank.

A number of financial institutions are believed to be considering accepting the offer for part of their holdings, which would give Campbell more than 50 per cent ownership of Arnotts.

However, the New South

Wales supreme court has ruled that a 1985 agreement between the companies means that Campbell must acquire 85.1 per cent of the shares before it can take control of Arnotts' board.

Analysts say Campbell would need to improve its offer or launch a new offer later in the year to achieve board control. Campbell has said it would not improve the offer in any circumstances.

Arnotts said its improved result reflected improved productivity in its biscuit division following substantial restructuring, the disposal of non-core activities and the successful launch of several new products.

The group said biscuit margins had improved

"significantly," and forecast further benefits from the restructuring would flow through into profits in the second half.

The improved profit was achieved on turnover up 6.7 per cent to A\$363.6m after adjusting for the sale of non-core businesses.

The group said that biscuit sales volume was "steady, in spite of the poor state of the economy."

Net profit increased to A\$53.3m after including an abnormal profit of A\$15.8m resulting from the sale of the group's White Rose flour mill operations and a packaging company, offset by restructuring costs and additional taxation.

Improved coal, gold sales help lift MIM

By Kevin Brown

MIM Holdings, the Australian resources group, yesterday announced a 45 per cent increase in net profit to A\$61.1m (US\$36.5m) for the six months to December 13, in spite of a weak second quarter.

Net profit rose to A\$76.8m including an abnormal profit of A\$25.7m from the sale of a 28 per cent interest in the McArthur River zinc mining project.

Sales increased by 3.6 per cent to A\$871m. MIM said the improved result was caused by a fall in the value of the Australian dollar, higher domestic gold sales, higher coal sales from the Oakley Creek mines, and a higher zinc price.

Gold operations at Porgera, the Papua New Guinea mining operation which is 30 per cent owned by Highlands Gold, a 65 per cent subsidiary of MIM, produced "good" results, the group said.

Second-quarter net profit before abnormal items was A\$16.6m, a significant increase on the A\$12.5m profit in the comparable period of the previous year, but substantially lower than the A\$34.5m profit achieved in the first quarter of the current year.

MIM said the subdued second-quarter result was influenced by a significant downturn in prices for copper, lead, silver and zinc. Sales volumes were also lower, particularly for zinc.

Mr Norm Fussell, chief executive, said the group had achieved its target of cutting costs at the Mount Isa mine in Queensland by A\$100m a year. MIM said last month that output of zinc/lead ore at Mount Isa would be cut by 15 per cent in response to low prices.

The directors declared an unfranked interim dividend of 2.5 cents, compared with 2 cents in the first half of the previous year.

MIM shares closed 3 cents higher at A\$2.32 on the Australian Stock Exchange.

Champion in telecoms joint venture

CHAMPION Technology, the recently-listed telepaging group, has formed a joint venture with the privately-owned Harleila group which will be aimed at the Indian telecommunications market. Renter reports from Hong Kong.

The joint venture has a 47 per cent stake in New Delhi-based Western Pagers. Weston is in the running for a national paging services licence from the Indian government, which has recently deregulated the telecommunications industry.

Champion will supply equipment and technical and operational services to Weston. It will also make pagers in India.

No details on shareholdings in the joint venture were provided.

The group also said that it had signed agreements with Orbital Sciences of the US to provide low orbit satellite two-way communication services in China.

It said that the system was low cost compared with high-orbit satellite systems.

The group will be responsible for modifying the system to suit China's market demands, such as developing Chinese language communication services.

Notebook PC unveiled in Japan

By Robert Thomson in Tokyo

PRICE competition in the previously-sheltered Japanese personal computer market intensified yesterday with the unveiling by IBM Japan and Canon, the office equipment maker, of a jointly developed, notebook-style computer with built-in printer.

Earlier this week, NEC, the Japanese electronics company which has about 53 per cent of the PC market, announced a cheaper model range that was seen as a response to a fast-increasing flow of lower-priced imports from Compaq and Dell Computer, the US makers.

At the same time, PC demand is falling in Japan, with sales down an estimated 15 per cent last year, putting extra pressure on makers to discount products.

Industrial companies are cut-

ting their capital spending budgets, while domestic users appear reluctant to trade in existing models, particularly as there are expectations of further price cuts later this year.

The IBM-Canon machine, which will have a list price of ¥288,000 (\$2,374), has a 32-bit central processing unit and built-in bubble-jet printer capable of holding 10 sheets of paper.

The companies are hoping for annual sales of about 50,000 units, arguing that its price compares favourably with that of existing Japanese notebook PCs.

Japan's computer market was given a shake by Compaq late last year when it announced the arrival of a ¥128,000 model, which was about half the price of comparable Japanese machines. IBM

Japan has since marketed lower-priced machines, and NEC this week released a desk-top model for ¥318,000.

NEC claims its machines are more powerful, offering users value for the extra money, while the company has its own software.

Japanese retailers, which have traditionally had large margins on NEC machines, also have room to make further discounts if sales are sluggish.

The Japanese company offers notebook-style computers starting at ¥288,000, which will be under extreme pressure from the foreign competition.

NEC insists it will not be caught in a "low price, low quality" spiral, but it is facing a challenge from high-quality imported machines, which come with suitable Japanese language software.

Nestlé Hungaria in Ft2bn CP issue

By Nicholas Denton in Budapest

NESTLÉ Hungaria, part of the Swiss foods group, yesterday kick-started Budapest's commercial paper market with an issue of short-term notes.

Nestlé Hungaria is to issue up to Ft2bn (\$24m) in notes with principal guaranteed by Nestlé. Nestlé Hungaria said it would use the proceeds to satisfy its regular working capital

needs. The notes are not expected to a premium above Hungarian Treasury bills, which have an average yield of 16.2 per cent, according to the DWIX index.

Nestlé Hungaria will make considerable savings by borrowing through a CP issue rather than through banks. The most competitive prime rates are about 5 per cent higher than Treasury yields, largely because of banks'

requirements to hold reserves. Credit Suisse First Boston, which is acting as dealer and arranger, said it was in talks with other companies on CP issues.

CSFB expects joint ventures, units of multinationals and domestic companies to make CP issues this year. CSFB Budapest has already arranged forint bond issues for itself and the Hungarian units of McDonald's and Levi Strauss.

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| 0100 | 16.51 | 20.11 | 20.11 |
| 0200 | 16.52 | 20.11 | 20.11 |
| 0300 | 16.53 | 20.11 | 20.11 |
| 0400 | 16.54 | 20.11 | 20.11 |
| 0500 | 16.55 | 20.11 | 20.11 |
| 0600 | 16.56 | 20.11 | 20.11 |
| 0700 | 16.57 | 20.11 | 20.11 |
| 0800 | 16.58 | 20.11 | 20.11 |
| 0900 | 16.59 | 20.11 | 20.11 |
| 1000 | 16.60 | 20.11 | 20.11 |
| 1100 | 16.61 | 20.11 | 20.11 |
| 1200 | 16.62 | 20.11 | 20.11 |
| 1300 | 16.63 | 20.11 | 20.11 |
| 1400 | 16.64 | 20.11 | 20.11 |
| 1500 | 16.65 | 20.11 | 20.11 |
| 1600 | 16.66 | 20.11 | 20.11 |
| 1700 | 16.67 | 20.11 | 20.11 |
| 1800 | 16.68 | 20.11 | 20.11 |
| 1900 | 16.69 | 20.11 | 20.11 |
| 2000 | 16.70 | 20.11 | 20.11 |
| 2100 | 16.71 | 20.11 | 20.11 |
| 2200 | 16.72 | 20.11 | 20.11 |
| 2300 | 16.73 | 20.11 | 20.11 |
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To the Holders of
Sitting Restructured
Obligations Backed by
Senior Assets 2 (ROSA2)

Pursuant to the indenture dated as of January 10, 1992, between the Parent and State Street Bank and Trust Company, as Trustee, notice is hereby given that for the interest period commencing on January 15, 1993 through April 14, 1993, the rates applicable to the Secured Senior Floating Rate Notes and Secured Senior Subordinated Floating Rate Notes are 4.02500 and 4.72500 respectively.

ECU 200,000,000
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Floating Rate Notes due 1996

For the period from January 21, 1993 to April 21, 1993 the Notes will carry an interest rate of 10.00% per annum with an interest amount of ECU 20,000.00 and of ECU 2,000.00 per ECU 100,000 Note.

The relevant interest payment date will be April 21, 1993.

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S.G. Warburg & Co. Ltd. announces on behalf of European Investment Bank that in the six months preceding 16th January, 1993, £500,000 nominal amount of the above Loan Stock was unveiled pursuant to the provisions of the Purchase Fund relating to the above Loan Stock. As of 16th January, 1993, £169,500,000 nominal amount of the above Loan Stock was outstanding.

S.G. Warburg & Co. Ltd.
Purchase Agent
21st January, 1993

U.S. \$250,000,000
BankAmerica Corporation
Floating Rate Subordinated Capital Notes due 1997 (originally issued by) Security Pacific Corporation

For the period from November 21, 1992 to February 20, 1993 the notes will bear interest at the rate of 5% per annum with an interest amount of U.S. \$12,778 per U.S. \$100,000 principal amount of notes payable on February 22, 1993.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
January 21, 1993

SMITH NEW COURT

The following transactions were completed by Smith New Court in December 1992

National Express Group PLC
Flotation - £60,000,000

Trio Holdings PLC
Acquisition of Martin Bierbaum
Rights Issue and Placing - £25,800,000

US Smaller Companies Investment Trust plc
Placing and Open Offer - £40,000,000

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Notice is hereby given that the Rate of Interest has been fixed at 3.1875% and that the interest payable on the relevant Interest Payment Date, April 21, 1993 against Coupon No. 52 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$79.69.

January 21, 1993, London
By: Citicorp, N.A. (Issuer Services), Agent Bank **CITIBANK**

U.S. \$75,000,000
The Bank of New York Overseas Finance N.V.
(Incorporated with limited liability in the Netherlands Antilles)
Guaranteed Floating Rate Subordinated Notes due January 1996

Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by

The Bank of New York Company, Inc.
(Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the interest payable on the relevant Interest Payment Date, April 21, 1993 against Coupon No. 57 in respect of U.S. \$10,000 nominal of the Notes will be U.S. \$131.25.

January 21, 1993, London
By: Citicorp, N.A. (Issuer Services), Reference Agent **CITIBANK**

Weaker-than-expected retail sales spur UK issues

By Antonio Sharpe in London and Patrick Harverson in New York

UK government bonds firmed in fairly active trading yesterday as weaker-than-expected retail sales in December revived hopes of a further cut in base rate. Retail sales fell 0.7 per cent last month, compared with market expectations of a rise of between 0.3 to 0.4 per cent.

The interest rate speculation prompted a steepening of the yield curve, and at the short end, the 10 per cent gilt due 1994 rose 1/8 to 10 1/4 to yield 6.35 per cent. However, longer-dated issues were held back by

GOVERNMENT BONDS

the forthcoming auction, due on January 27, and the 9 per cent 2008 gilt closed at 10 1/4 down 1/8 on the day, to yield 8.82 per cent.

GERMAN government bond prices fell in late trading ahead of the Bundesbank's regular fortnightly council meeting today as hopes of a cut in headline interest rates waned. The Bundesbank yesterday

accepted bids for DM60bn in a tender for 14-day securities repurchase funds, allocating funds mostly at 8.60 per cent.

The March bund contract traded on Liffe closed a 1/4 point lower at 92.95 in modest trading, after over 35,000 contracts, a little over 100,000 contracts, after an early high of 93.14 and a low of 92.92 in the afternoon.

Elsewhere in Europe, Italian government bonds also ran into profit taking, and the Liffe March futures contract eased 9 basis points to 94.77.

JAPANESE government bonds closed slightly lower, weighed down by talk that the government might be forced to issue Y5,000bn-worth of deficit-financing bonds in the next fiscal year.

Earlier in the day, cash bonds and futures had risen to

FT FIXED INTEREST INDICES

| | Jan 20 | Jan 19 | Jan 18 | Jan 17 | Jan 16 | Jan 15 | Jan 14 | Year | High | Low |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| GovSec Index | 93.40 | 93.28 | 93.44 | 93.50 | 93.48 | 93.70 | 95.54 | 95.54 | 95.11 | 95.11 |
| Total Index | 100.67 | 100.74 | 100.75 | 100.87 | 100.88 | 100.80 | 100.80 | 100.80 | 101.25 | 101.25 |
| GovSec 100: GovSec | 93.40 | 93.28 | 93.44 | 93.50 | 93.48 | 93.70 | 95.54 | 95.54 | 95.11 | 95.11 |
| For 1982/93: GovSec rose 12.5% since last compilation; 127.40 (9/1/83), low 48.18 (3/17/72) | | | | | | | | | | |
| Fluxed Indices high since 1982/93: GovSec 100: GovSec | | | | | | | | | | |

COMPANY NEWS: UK

ICI insurance arm in marine deal at Lloyd's

By Richard Lapper

IMPERIAL Chemical Industries' insurance subsidiary, ICI Insurance, is to reinsure more than £1m worth of business underwritten by a marine syndicate at the Lloyd's insurance market.

ICI Insurance, which was formed in the 1920s to underwrite ICI's own risks, already sells insurance to other companies, but this will be the first time that it has had any dealings with Lloyd's, where insurance rates are rising strongly after three years of heavy trading losses.

ICI Insurance will underwrite 5 per cent of a whole account "quota share" reinsurance policy for syndicate 741, which is managed by AJ Archer Holdings, the listed Lloyd's agency. The syndicate specialises in marine risks such as ship hulls and oil rigs and expects to underwrite under £40m in premium income in 1993.

Quota share involves reinsurers assuming a set percentage of risk in return for the same portion of the original premium, less a commission.

However, new Lloyd's rules approved last summer, have increased syndicates' ability to make use of these arrangements in order to boost their capacity to accept premiums.

Under Lloyd's solvency rules

the syndicates can only accept premiums equal to their capacity, which directly reflects the capital traded by the Names who back them.

Following the rule change syndicates are allowed to underwrite an extra 25 per cent of premiums if all of this amount is reinsured by quota share with a company outside the market.

This year a number of syndicates have agreed such deals. Mr Robert Godden, ICI Insurance marine manager, said: "It is a good opportunity. It didn't stretch our resources and there is no clash with the rest of our business."

ICI Insurance had examined reinsurance deals with six Lloyd's syndicates. Mr Godden stressed that ICI Insurance also did deals with insurers outside Lloyd's.

"There is nothing new in it as far as we are concerned."

The deal has attracted interest because Lloyd's is currently examining ways in which it can attract institutional investors and insurance companies to participate directly in syndicates, in order to boost the market's shrinking capital base.

ICI Insurance underwrites all classes of insurance. Its annual gross premium income amounted to about £110m in 1990.

Hunter Saphir suspended on bid talks

By Angus Foster

SHARES IN Hunter Saphir, the fresh produce and herbs and spices company, were suspended yesterday as the company announced it was in "advanced discussions" with a possible bidder.

Berisford International, the commodities and property group, has a 19.8 per cent stake in Hunter Saphir's ordinary shares, as well as some preference shares, following a 1988 asset swap.

However, it is understood Berisford is a willing seller of its stake to a third party and has been involved in the discussions. The Saphir family is the other shareholder and owns more than 20 per cent of the company.

A number of possible suitors were rumoured to be behind the talks. These include food and agribusiness group Dalgely and Albert Fisher, the food processing and distribution concern.

Dalgely was thought to have previously approached Hunter Saphir, in early 1991, but the companies could not agree on price.

According to analysts, the recent fall in Hunter Saphir's share price made it vulnerable to predators. The company has been hit by low volumes at its new British Pepper and Spice factory in Northampton. That, and unsuccessful forays into areas like popcorn, have overshadowed the abares which have been falling since 1989 and touched 27p last October. They were suspended at 36p.

Hunter Saphir said a further announcement would be made today.

Coats makes agreed offer for Youghal

By Maggie Urry

Coats Viyella yesterday announced terms of an agreed bid for Youghal Carpets, valuing the Irish group at £22.5m (£2.67m). Coats already owns or has options over 90 per cent of Youghal's shares and says that whatever the outcome of the bid Youghal's shares will be delisted.

The offer is 6p a share. Last week Coats took an option to buy 8.7m shares in Youghal from Jaykeel Investments, a Channel Islands-based investment group, for 3p a share.

Coats said that Youghal, for which it originally bid in 1987, had only been able to trade because Coats had guaranteed some of its borrowings and "to survive at all it will require a significant injection of capital". Youghal's properties have been valued at £25.9m.

Tour chiefs embroiled in battle of brands

Michael Skapinker on Airtours' plans for a sharper profile for Owners Abroad

MR DAVID Crossland, chairman of Airtours, says he is not enjoying the acrimonious exchanges in the wake of the company's hostile £217m bid for fellow tour operator Owners Abroad.

"Sometimes it feels quite brutal. I read about myself in the newspapers and I think: 'I must be a really bad person. I must be the sort of person who goes home and kicks the wife and the cat,'" he says.

He concedes that he should perhaps have considered his personal sensitivity before launching the bid earlier this month.

He does not, however, appear squeamish about attacking Owners Abroad's performance, beginning with what he calls its "misguided policy of brand proliferation."

"The question of what brand names to give the holidays they sell is one of the most striking differences between the two companies. Mr Crossland says that if the bid succeeds he will reduce sharply Owners Abroad's brands, raising the question of how successful he will be in keeping its customers."

Virtually everything Airtours sells carries the company's name.

It does sell self-drive camping and mobile home holidays under the name EuroSited. It also last year acquired the Pickford chain of travel agencies, which continues to trade under its original name.

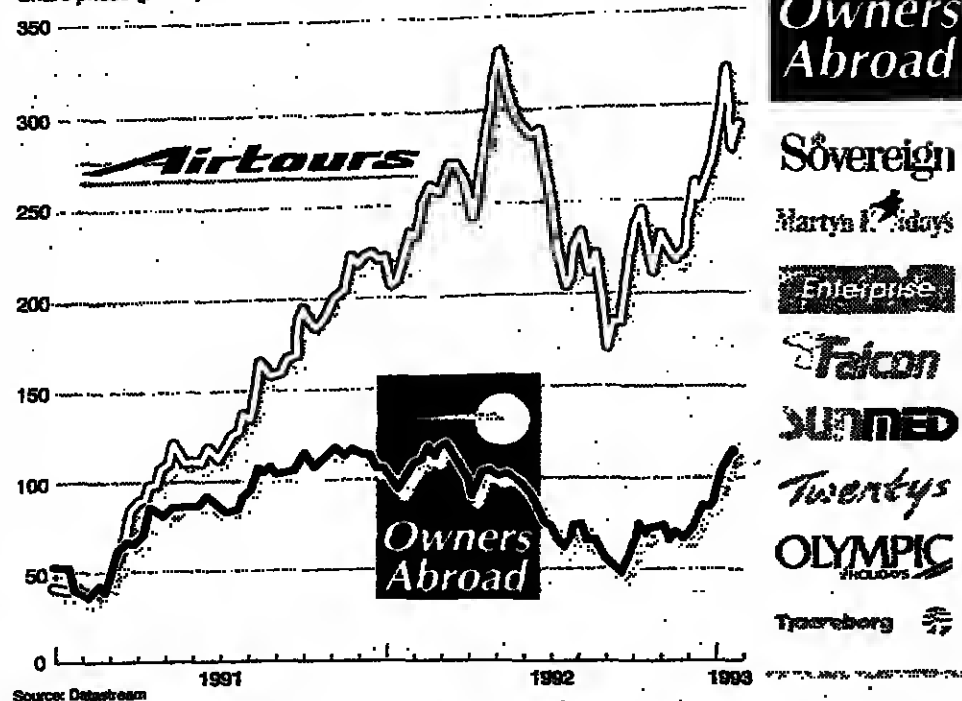
Otherwise, travellers buy Airtours holidays, whether they are going to the Mediterranean or Florida. Most fly Airtours International, the eight-aircraft charter carrier.

Most Owners Abroad customers probably have no idea which company sold them their holiday. Its package tourists travel under a bewildering range of brand names.

The company was created to sell airline seats to people with

The battle of the brands

Share prices (pence)



holiday homes abroad. It still operates a small business selling seats under the Owners Abroad name.

The 1990 purchase of Redwing, which was 50 per cent owned by British Airways, brought in names such as Sovereign, Enterprise, Martin Rooks and Sunmed. There have been several other acquisitions, adding names like Tjereborg, which sells direct to the public rather than through travel agents. Owners Abroad's airline is called Air 2000.

Mr Howard Klein, Owners Abroad chairman, says the company has reduced the number of its brands from 13 to nine. Several of the nine do, however, have sub-brands.

Mr Klein argues that the advantage of multi-branding is that different holidays can be

sold to different markets.

Sovereign offers up-market packages. Martyn Holidays sells trips to Portugal for older families. Twente appeals to the youth market. Sunmed offers cheap holidays to Greece and Turkey. Olympic sells more expensive holidays to Greece.

Specialised brands appeal to people who do not like to see themselves as part of the mass tourist market. Mr Klein argues.

Having several different names means Owners Abroad occupies more space on travel agents' racks. It also means that if one brand suffers from bad publicity it does not affect the rest of the company, he says.

Mr Crossland counters that the proliferation of brands is

confusing; all package tourists want is value for money. He refuses to specify what he will do with Owners Abroad's brands, but he makes it clear that there will be far fewer of them.

Many in the travel industry believe brands have limited effect. Most holidaymakers have little loyalty to a particular name or company.

Mr Lester Porter, group commercial director of Thomas Cook, the travel agents' chain, says his company has increased sales on some holidays by 30 per cent by putting its own name on them.

But then Thomas Cook, with which Owners Abroad intends to establish links if the Airtours bid fails, is one of the best-known travel brands in the world. Others make less

impact.

Mr Porter says: "Some customers will come in and ask us for a particular tour brand. But probably the majority come in and say, 'I'd really like to go to Spain next year and I'd like something on the beach. What do you recommend?' They're looking for the right holiday rather than a particular brand."

Mr Crossland believes Airtours can hold on to most of Owners Abroad's holidaymakers, even if it does get rid of most of its brands, although he concedes that some customers will be lost.

The precedents, however, are not encouraging. When Thomson, the largest tour operator, acquired Horizon in 1989, the enlarged group had nearly 40 per cent of the package tour market. Last year, Thomson's share was about 30 per cent.

Mr Crossland says that what Airtours will be buying, if the bid succeeds, is Owners Abroad's destinations rather than its customers.

It will take over Owners Abroad's hotel beds, even if it sell them under different brands. Mr Crossland argues that customers do remain loyal to certain resorts and hotels.

But what of the hotel owners? When International Leisure Group, then the second biggest operator, collapsed in 1991, many of its senior executives were soon back in business, heading new companies. Owners Abroad executives displaced by a takeover would almost certainly do the same.

Worried hoteliers prefer to sell their beds to the Owners Abroad contacts they have come to know.

Mr Crossland says the hoteliers will switch to Airtours, recognising that it had become a larger and stronger company. "They are very sophisticated individuals. They know exactly what's going on. You do them an injustice," Mr Crossland says.

Tuskar accuses dissident of hindering its strategy

TUSKAR, the Dublin-based oil and gas company, yesterday accused a stockbroker and dissident shareholder of trying to hinder its strategy through the hostile bid from fellow Irish resource group, Aminex.

"This approach represents another attempt by Mr John Lord to frustrate the development of Tuskar under its recently reconstructed board", a statement from the company read.

Mr Lord sought unsuccessfully to oust the recently appointed chairman Mr Duncan McGregor at the annual meeting before Christmas. His actions followed the sale of Tuskar's last asset - a 36 per cent stake in a Colombian

oil field to Coplex Resources, the Australian exploration company which failed in a recommended bid for the Irish group. Tuskar, whose shares have been suspended at 1p since August, is expected to have some £5m in the bank if Coplex chooses to pay cash in the final tranche of the deal, due in August.

Tuskar said there was little merit in the hostile offer of two Aminex shares for 11 of its own.

Aminex said the offer would be withdrawn if shareholders approved Tuskar's proposal to purchase a North Sea subsidiary of Bula Resources at the extraordinary meeting on February 5.

Ladbroke sells UK retail parks

By Michael Skapinker, Leisure Industries Correspondent

Ladbroke said yesterday that it reached agreement last December to sell its UK retail parks to a consortium of foreign investors for £80m.

It would not say how many sites were involved or who the

buyers were. Details of the sale would be provided on March 4, with the 1992 full-year results.

The group said £55m of the purchase price was payable immediately, with the remaining £25m deferred for a period it would not specify. Ladbroke's shares rose 4p to 193p yesterday.

Airline seats market key area for OFT review

By Richard Gourlay

ONE OF the key areas to be examined in the Office of Fair Trading's review of Airtours' bid for Owners Abroad is the future of the airline seat wholesaling market.

According to independent tour operators, Owners Abroad's willingness to act as a large-scale supplier of seats is essential to their viability. Their argument, put crudely, is that he who controls the seats, controls the business.

Airtours, on the other hand, says it would assess the profitability of the business. Airline wholesaling, according to Mr David Crossland, Airtours chairman, is riskier than selling holidays and might not continue on its current scale within an expanded group.

If the bid were successful, Airtours says it would use more of the capacity

of Air 2000, Owners Abroad's successful charter airline, for its own customers. As a result, fewer Air 2000 seats would be available in the pool of seats which serves the independent tour operators.

And Airtours might do less general seat wholesaling - that is buying other airlines' excess capacity and matching it with third party demand.

The two groups' seat wholesaling businesses are vastly different in scale. Airtours sells to third parties only about 40,000 seats, or less than 3 per cent of the total number of holidays it sells a year.

Owners Abroad, by contrast, sells about 3m seats a year - about two thirds with its holiday packages and about 1m seats to other tour operators.

Mr Crossland says that, in spite of the protests from the independent tour operators, their access to seats is

unlikely to change. The total pool of charter seats would not shrink just because Air 2000 would be supplying more of the enlarged group's own requirements.

He dismisses the operators' claim that they might effectively be denied access to some regional airports. Other charterers, like Air UK, Monarch Air and Caledonian, serve many of the UK's regional airports and would be able to supply the seats no longer made available by Air 2000.

What is more, these companies have active seat brokering businesses and would relish expanding to fill any gap left by a less active Airtours.

In the last year the charter market has also seen the arrival of Excalibur, a small airline backed by 3i, the venture capital group, which caters mainly for independent tour operators.

Mr Bob O'Donnell, Excalibur's managing director, says Owners Abroad offers small tour operators flexibility, including the ability to buy a handful of seats on different aircraft from a number of airports.

But there would be little to stop Excalibur expanding. "If there was a capacity shortage in the market because of this deal (a successful Airtours bid), we would bring on new aircraft."

Owners Abroad does not share this vision of flexibility.

Mr Roger Allard, chief executive of Owners Abroad Leisure, says the small tour operators would not be able to persuade charter airlines to put on extra capacity. They would lose the flexibility, and to some destinations, the airlines would have difficulty getting extra landing slots.

Quaker Oats selling Sutherlands

Quaker Oats Company is to sell the Sutherlands Foods division to C Shippam of Chichester, a subsidiary of Pet Incorporated.

Sutherland produces savoury spreads and pastes, but Quaker said those had little strategic fit within the core businesses. Its net assets at June 30 were £3.1m.

Shippam said it will capitalise on the expertise of both businesses and offer a comprehensive range of savoury snack filling products with a wider distribution base.

Receivers appointed at Noval

Noval, the USM-quoted biotechnology and plant propagation company which was suspended last week pending clarification of its financial position, has been placed in administrative receivership.

Noval had been in trouble for some time and its last published results, for the 17 months to end-December 1991, showed a £3.5m pre-tax loss.

Mr Peter Lawrence and Mr Brian Mills, of accountants Booth White, have been appointed administrative receivers.

Colorvision back to profit at £153,000

COLORVISION, the Liverpool-based retailer of television and satellite systems, returned to the black with profits of £153,000 before tax in the six months to September 30.

However, last time's losses of £245,000 were caused by an exceptional debit of £208,000 - an adjustment from an understatement of creditors and provisions in prior years.

Turnover grew to £26.75m

(£24.1m) and operating losses were halved to £72,000 (£144,000) in what is the company's quietest trading period.

Mr Neville Michaelson, chairman, said that the company had again increased market share, though more slowly than in the previous 12 months. He added that profitability had been adversely affected by shortages in the supply of satellites in the second half of the period.

However, he said that the conditions for economic recovery were now more favourable than for several years.

To reflect the seasonality of the company's trading, the interim dividend is reduced to 2.5p (3.1p), but the total is expected to be maintained at 5.5p. Earnings worked through at 0.5p (losses 1.7p) per share.

NOTICE TO CLYDESDALE BANK ACCESS ACCOUNTHOLDERS

Clydesdale Bank PLC announces that the interest rate charged to its personal Access Accountholders will be decreased from 1.9% per month to 1.8% per month with effect from 1st February 1993.

From 1st February 1993 interest and charges are equivalent to an Annual Percentage Rate (APR) as stated in the examples below.

| CREDIT LIMIT | APR | CREDIT LIMIT | APR |
|--------------|-------|--------------|-------|
| £500 | 26.4% | £1,500 | 24.7% |
| £750 | 25.5% | £2,000 | 24.4% |
| £1,000 | 25.1% | £3,000 | 24.2% |

Condition 5(c) and (d) of the Conditions of Use will be amended accordingly with effect from 1st February 1993.

Clydesdale Bank

WORLDINVEST INCOME FUND

DECLARATION OF DIVIDEND No. 32

The Trustees of the WorldInvest Income Fund are pleased to announce a final US\$7.50 per share distribution to Shareholders in respect of the half-year period from June 25, 1992 to December 30, 1992.

For holders of bearer units with accompanying coupons, Coupon Number 32, and any previously unrepresented coupons, may be presented for payment on or after February 1, 1993 to:

BankAmerica Trust Company (Jersey) Limited,
PO Box 120, Union House, Union Street, St. Helier,
JERSEY, Channel Islands

For holders of registered units, the dividend will be distributed in accordance with individual mandating instructions in place.

Payments will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

SPECIAL NOTICE

WorldInvest Income Fund ("the Fund")

On September 30, 1992, the Manager of the above Fund, WorldInvest (Managers) Jersey Limited ("the Manager") implemented certain changes in the way in which the Fund was to be administered and the Trustee, the Royal Bank of Scotland Trust Company (CI) Limited, gave its approval. The Manager wishes to draw attention to the key alteration which is the introduction of registered units.

The Fund has ceased to issue bearer units in respect of new applications to the Fund and now only issues registered units. The Manager recommends that all remaining bearer certificate holders take advantage of the open offer to exchange bearer units for registered units.

The bearer certificates should be sent to the Manager at WorldInvest (Managers) Jersey Limited, PO Box 178, Union House, Union Street, St. Helier, Jersey, Channel Islands. Upon receipt of these documents the Manager will prepare and despatch a statement showing details of the registered holding together with dividend mandates.

It is to be stressed that such a change from bearer to registered status is not compulsory. The Manager will maintain both bearer and registered records of units in issue at least until such time as all bearer certificates have been voluntarily surrendered.

WorldInvest (Managers) Jersey Limited

21 January, 1993

Exceptionals leave Kunick £12.5m in loss

By Peggy Hollinger

KUNICK, the leisure company which recently sold a 50 per cent stake in its nursing home business to County NatWest Ventures, plunged into the red last year, amid unexpectedly high reorganisation charges and property write-downs. Exceptional charges of £12.5m left the fruit machine company with pre-tax losses of £12.5m for the year to September 30 against a profit last time of £8.6m. Sales fell by 6 per cent to £109.5m.

At the operating level, profits were hit by a £8.8m fall to £2.7m in the group's fruit machines business, once the cash cow which was to have funded investment in the care services business. Overall operating profits fell from £14.6m to £5.8m.

Mr Christopher Barnett, chairman, said 1992 had been the "most difficult [year] ever experienced in the UK amusement machine industry". He blamed the recession and the disruption caused by the restructuring of the brewing industry following the Monopolies and Mergers Commission's inquiry into beer supply.

The exceptional charges covered a range of Kunick's efforts to meet the downturn, from a £5.4m write-down on property to £4.9m for the closure of a cd/juke box manufacturing business. The setting up of the

nursing home joint venture resulted in costs of £2.6m. Mr Barnett stressed the potential for Kunick following the care services deal in October.

Debt had been cut from £47m to £10m, with gearing from 89 per cent to 19 per cent. The reduction was achieved through the transfer to the joint venture of £24m in bank borrowings, secured against the care services assets, and the £12.5m paid by CNWV for the 50 per cent stake. The chairman said the two investors intended to float the joint venture, Goldborough Holdings, within one to two years.

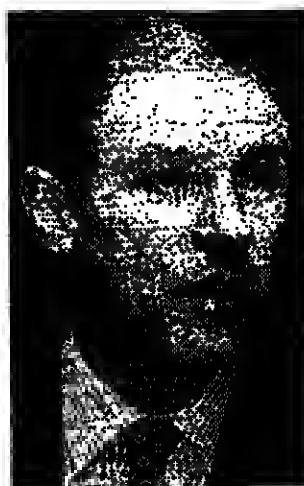
Mr Barnett said the visitor attractions business in France would be closed down or sold. In March, Kunick sold its London and York Dungeon attractions for a profit of £4m. This was offset, however, by a £3.4m extraordinary write-down on the French attractions.

Losses per share were 7.51p (0.38p earnings).

COMMENT

Kunick has managed to survive thus far, leaving many to speculate that the real danger has passed. Certainly the recent rise in the preference shares add weight to that view. The question now, however, is whether one wants to invest in a fruit machine business - even one as lightly geared as Kunick. The upside depends on

economic recovery. Although the potential for such an operationally geared company could be good, it will never be quite as exciting following the brewing shake-up. Kunick has had to give up its quality earnings and growth to satisfy the bankers. Potential investors might want some indication of a long-term business strategy before stepping in. Forecasts range from break even to £2m pre-tax. Either way, the shares are highly speculative.



Christopher Barnett: 1992 the most difficult year ever

Eleventh-hour rescue for Expedier

By Matthew Curtin

EXPEDIER, the floundering ticket and box office computer group, announced an eleventh-hour rescue package yesterday, based on a £4.5m share placing, capital restructuring, and management revamp.

The deal will see Expedier, which has been living off extended bank facilities since 1991, pay £2.6m for the remaining 50 per cent stake in its ticket sales joint venture with Wembley, owners of the national stadium and box office. Wembley will receive 290m shares, equivalent to an 18 per cent stake, while Expedier will take on the joint venture's debts.

Wembley also said yesterday it would not match first half pre-tax profits of £2.5m in the second half. The shares fell 2½p to 17p.

Expedier's new-look business will be renamed The Ticketing Group, owning the First Call and Keith Prowse ticket agencies, and Space Time Systems, the computerised box office system (BOCS) supplier. Expedier will issue another 485m shares at 1p each on the basis of 18 new shares for every seven held. The cash raised will reduce borrowings - which stood at £10.5m on

December 18 - by 11m. Mr Richard Templon, of advisers Richard Fleming, said Expedier would not be able to stay in business without a capital injection. The deal amounted to "a reconstruction with a severe health warning".

The group remained highly geared, reliant on another full year of non-demand facilities provided by its bankers to meet working capital requirements. It had to meet an outstanding preference dividend payment, and trading conditions, with sluggish West End ticket sales, were "uncertain". Expedier was yet to sell Medminster, its furniture hire subsidiary.

The rescue package was put together by a consortium including Mr Karl Sydow and Mr Andrew Myers, directors of the former joint venture, now appointed deputy chairman and finance director. Mr Clive Ng, a director of entertainment and real estate companies in the US and Malaysia, provided finance and joined the board as non-executive director along with Wembley director Mr Alex McCrindle.

Expedier reported a reduced pre-tax loss of £573,000 (£1.42m) in the half-year to June 30 on sharply lower turnover of £3.38m (£6.29m).

Acquisitions help Resort advance 11% to £3.3m

By Angus Foster

RESORT HOTELS, which saw its share price collapse last year on uncertainty about expansion plans, has announced an 11 per cent increase in interim profits helped by acquisitions.

Pre-tax profits rose from £2.92m to £3.25m in the six months to October 31 as the group increased its portfolio of managed or owned hotels by eight to 54. Mr Robert Feld, managing director, said Resort hoped to win further management contracts this year, especially in areas like Manchester where it is poorly represented.

Turnover increased 28 per cent to £3.76m (£7.52m). Occupancy rates were stable at about 80 per cent while average room charges were almost unchanged at just over £40.

A £20.6m rights issue last

April, the fourth since the company floated in 1988, almost eliminated year-end debt of £22m. However, there was a £3.3m cash outflow during the period and Mr Feld said gearing would again rise sharply once two planned acquisitions of BES-funded companies, Country Resort Hotels and Country Resort Hotels, were completed.

The purchases were cast into doubt when Resort's share price fell below 50p. But the company had now agreed to buy Country Resort for £506,000 and discussions with Country Resort were continuing.

Earnings per share dropped from 3.61p to 2.5p, while the interim dividend is maintained at 1.2p. The shares, which last year fell from over 80p to 19p before recovering, fell 2p yesterday to 40p.

NEWS DIGEST

13% rise at Beales Hunter

LOWER INTEREST costs and the contribution from newly-acquired subsidiaries were the main factors behind the 13 per cent profits rise at Beales Hunter in the half-year to November 30.

The refrigeration and electrical components company raised sales to £24.4m (£20.8m) the pre-tax figure increased to £1.36m (£1.2m). This was after an exceptional debit of £50,000 representing reorganisation costs. The interest charge £53,000 (£189,000).

The interim dividend is increased to 2.45p (2.3p) on earnings of 10.4p (11.9p).

The shares fell 11p to 279p.

Bellwether still set on winning Aberdeen

Bellwether Exploration Company said yesterday that it remained convinced of the merits of its proposed merger with Aberdeen Petroleum, which would improve the marketability of both companies' shares.

On Monday, Aberdeen urged investors not to support the suggested swap of 3.75 Aberdeen shares for each of Nasdaq-quoted Bellwether's, saying there was minimal marketability in the latter's stock.

Yesterday Bellwether used the same claim against its target.

It added that a merger would make considerable expertise

available to Aberdeen, through the services of Torch Energy Advisors, which manages Bellwether's oil and gas assets worth £1.3bn.

Bellwether also stressed that 57 per cent of its shares are held by three UK-based institutions.

Aberdeen's shares yesterday added ¼p to 11p.

Wm Ransom keeps up early growth

The good start made by William Ransom & Son in the opening four months continued, and for the half year ended September 30 1992 the group lifted sales 7.5 per cent and pre-tax profits 15 per cent.

The group manufactures pharmaceuticals, toiletries and cosmetics, and is involved in research for the food and beverage industry.

Sales came to £3.4m (£3.17m) and profits £239,000 (£251,000). Earnings per share were 1.24p (1.16p) and the interim dividend is again 0.525p.

All-round growth as RCO rises to £4.7m

RCO Holdings achieved "modest growth" in all areas of the business and lifted pre-tax profit from £4.39m to £4.72m in the year ended September 30 1992.

Turnover of this supplier of integrated site support services rose nearly 10 per cent to £47m (£42.9m), and the operating profit worked through at £4.42m (£4.19m).

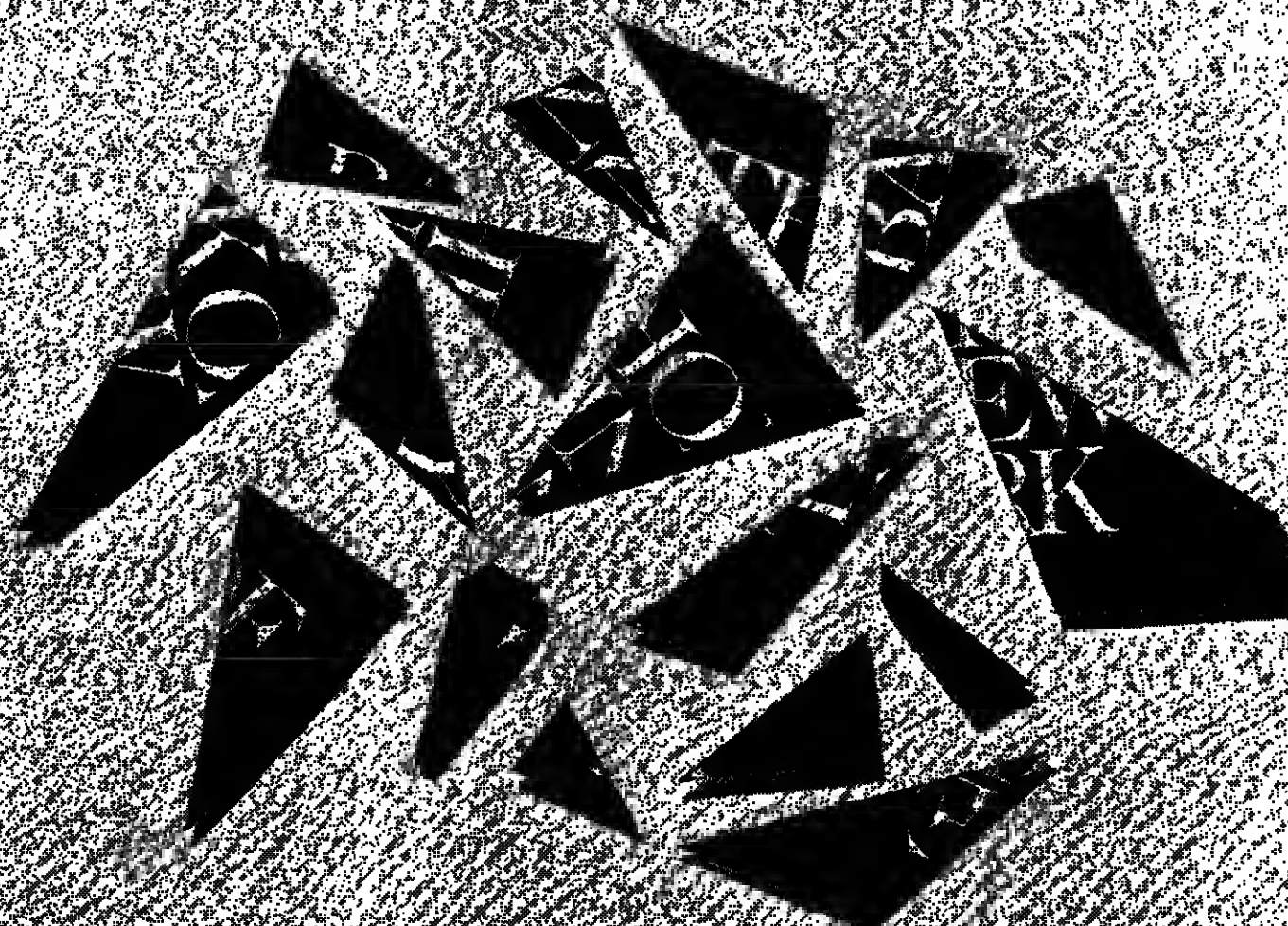
Earnings for 1991-92 were up from 27.14p to 29.18p per share. The final dividend is 9.24p for a total of 13.86p (12.6p).

DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding dividend | Total for year | Total last year |
|------------------|-----------------|-----------------|------------------------|----------------|-----------------|
| Beales Hunter | 2.45 | Feb 26 | 2.3 | - | 9.25 |
| Clark (Matthew) | 6.75 | Apr 9 | 8.5 | - | 15.75 |
| Colorvision | 2.5 | Mar 8 | 3.1 | - | 6.11 |
| Electron House | 1.05 | Apr 8 | 1 | - | 2.35 |
| Gartmore America | 1 | Apr 2 | 1 | - | 4 |
| Kunick | nil | - | 0.6 | nil | 1.4 |
| OLIM Convertible | 4.8 | Feb 26 | 4.5 | 8.8 | 8.5 |
| Ransom (Wm) | 0.525 | Apr 2 | 0.525 | - | 1.77 |
| RCO Holdings | 9.24 | Apr 1 | 8.4 | 13.86 | 12.6 |
| Resort Hotels | 1.21 | Mar 31 | 1.2 | - | 3.45 |
| St David's Inv | 3 | Mar 31 | 3 | - | 14.5 |

Dividends shown pence per share net except where otherwise stated.
*On increased capital. *USM stock. †For 16 months.

SOME PEOPLE
ARE PUZZLED ABOUT
WHICH U.S. BANK OFFERS
THE WIDEST RANGE OF
SECURITIES PROCESSING
SERVICES.



- **Working costs per kilogram**
- decreased by 1.1% on previous quarter
- decreased by 2.8% on quarter ended December 1991
- **Income after tax and capex**
- up 0.1% on previous quarter
- up 115.5% on quarter ended December 1991



- **Dividends**
- Buffels 150 cents per share
- Grootvlei 25 cents per stock unit
- St. Helena 20 cents per share
- Stilfontein 30 cents per share

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1992

All companies mentioned are incorporated in the Republic of South Africa

The GROOTVLEI Proprietary Mines Limited

Company Registration No. 010208/06

Marginakopation

Issued capital - 11 428 818 stock units of 25 cents each.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|----------------------------------|-----------------------------|----------------------------|--------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 111 000 | 112 000 | 458 000 |
| On milled (m) | 111 000 | 112 000 | 458 000 |
| Yield (g/t) | 5.8 | 5.8 | 5.8 |
| Gold produced (kg) | 32 386 | 31 245 | 124 817 |
| Working revenue (R'000) | 28 652 | 29 480 | 114 711 |
| Working costs (R'000) | 2 403 | 2 611 | 9 624 |
| Working income (R'000) | 26 249 | 26 869 | 105 087 |
| Gold price received (R'000) | 243 | 356 | 348 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 28 652 | 29 480 | 114 711 |
| Working costs | 2 403 | 2 611 | 9 624 |
| Working income | 26 249 | 26 869 | 105 087 |
| Sundry income - net | 1 209 | 210 | 1 742 |
| Tribute payments - net | 1 721 | 1 721 | 1 721 |
| Income before tax and lease | 25 737 | 25 358 | 103 108 |
| Tax and lease | 1 721 | 1 721 | 1 721 |
| Income after tax and lease | 24 016 | 23 637 | 101 387 |
| Capital expenditure | 222 | 872 | 3 466 |
| Dividend declared | 2 860 | - | 5 120 |

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|------------------------------|-----------------------------|----------------------------|--------------------------|
| DEVELOPMENT | | | |
| Advanced (m) | 434 | 1 247 | 3 008 |
| Advanced on reef (m) | 265 | 895 | 2 178 |
| Sampled (m) | 257 | 878 | 2 178 |
| Channel width (m) | 84 | 11 | 95 |
| Average value - gold (g/t) | 1 283 | 444 | 1 800 |
| Average value - gold (R'000) | 1 771 | 439 | 2 650 |

REMARKS
- Estimated capital expenditure for the next six months - R1.0 million.
- Hedging profits of R157 000 from the forward sale of 8 450 ounces of gold are included in working revenue. As of 31 December 1992 - 26 638 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.
- A pumping subsidy for the next fiscal year has been agreed to by the authorities without any limitation on dividends.
- Final dividend of 108 of 25 cents per stock unit was declared.

STILFONTEIN Gold Mining Company Limited

Company Registration No. 053341/06

Dividends resumed

Issued capital - 13 062 928 shares of 10 cents each.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|------------------------------------|-----------------------------|----------------------------|--------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 256 000 | 307 000 | 1 069 000 |
| On milled (m) | 256 000 | 307 000 | 1 069 000 |
| Yield (g/t) | 1.3 | 1.1 | 1.0 |
| Gold produced (kg) | 32 150 | 30 944 | 124 018 |
| Working revenue (R'000) | 31 727 | 31 981 | 124 018 |
| Working costs (R'000) | 425 | 425 | 1 512 |
| Working income (R'000) | 31 302 | 31 556 | 122 506 |
| Gold price received (R'000) | 342 | 347 | 359 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 31 727 | 31 981 | 124 018 |
| Working costs | 425 | 425 | 1 512 |
| Working income | 31 302 | 31 556 | 122 506 |
| Sundry income - net | 1 189 | 636 | 1 825 |
| Tribute and royalty payments - net | 2 070 | 448 | 11 398 |
| Income before tax and lease | 2 070 | 448 | 11 398 |
| Tax and lease | 2 070 | 448 | 11 398 |
| Income after tax and lease | 2 070 | 448 | 11 398 |
| Capital expenditure | 2 331 | 987 | 9 118 |
| Dividend declared | 3 018 | - | 2 919 |

REMARKS
- Hedging profits of R112 000 from the forward sale of 3 894 ounces of gold are included in working revenue. As of 31 December 1992 - 11 818 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.
- Final dividend of 14 of 20 cents per share was declared.

BUFFELSFONTEIN Gold Mining Company Limited

Company Registration No. 053334/06

Development rate increased

Issued capital - 11 000 000 ordinary shares of R1 each.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | 6 months ended 31.12.1992 |
|---|-----------------------------|----------------------------|------------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 99 000 | 92 362 | 191 362 |
| On milled (m) | 99 000 | 92 362 | 191 362 |
| Yield (g/t) | 1.5 | 1.0 | 1.0 |
| Gold produced (kg) | 33 100 | 31 867 | 64 967 |
| Working revenue (R'000) | 32 590 | 31 443 | 64 033 |
| Working costs (R'000) | 28 036 | 28 050 | 56 086 |
| Working income (R'000) | 4 554 | 3 393 | 7 947 |
| Gold price received (R'000) | 32 590 | 31 443 | 64 033 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 32 590 | 31 443 | 64 033 |
| Working costs | 28 036 | 28 050 | 56 086 |
| Working income | 4 554 | 3 393 | 7 947 |
| Sundry income - net | 153 | 810 | 963 |
| Tribute and royalty payments - net | 1 831 | 1 163 | 2 994 |
| Income before tax and lease | 11 744 | 11 683 | 23 407 |
| Tax and lease | 3 701 | 2 453 | 6 154 |
| Income after tax and lease | 8 043 | 9 230 | 17 253 |
| Capital expenditure | 582 | 257 | 839 |
| Dividend declared | 18 000 | - | 18 000 |
| DEVELOPMENT - Vail Reef & "C" Reef | | | |
| Advanced (m) | 4 062 | 3 704 | 7 766 |
| Advanced on reef (m) | 461 | 457 | 918 |
| Sampled (m) | 450 | 396 | 846 |
| Channel width (m) | 59 | 97 | 156 |
| Average value - gold (g/t) | 1 944 | 1 918 | 1 936 |

REMARKS
- Estimated capital expenditure for the next six months - R3.2 million.
- Hedging profits of R972 000 from the forward sale of 32 967 ounces of gold are included in working revenue. As of 31 December 1992 - 152 869 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.
- Interim dividend No. 11 of 150 cents per ordinary share and No. 23 of R1 million in respect of the cumulative preference shares have been declared.

Beatrix mine

A division of Beatrixgold Gold Mining Company Limited

Sharp increase in profits

In terms of an agreement, 10 percent of the distributable income from the Beatrix mine is attributable to Beatrixgold and 84 percent to Beatrix Mines Limited.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | 6 months ended 31.12.1992 |
|------------------------------------|-----------------------------|----------------------------|------------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 125 204 | 121 241 | 246 445 |
| On milled (m) | 125 204 | 121 241 | 246 445 |
| Yield (g/t) | 6.1 | 6.0 | 6.1 |
| Gold produced (kg) | 31 307 | 30 584 | 61 891 |
| Working revenue (R'000) | 27 339 | 27 283 | 54 622 |
| Working costs (R'000) | 32 326 | 32 326 | 64 652 |
| Working income (R'000) | 10 040 | 7 021 | 12 969 |
| Gold price received (R'000) | 33 366 | 31 265 | 64 631 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 27 339 | 27 283 | 54 622 |
| Working costs | 32 326 | 32 326 | 64 652 |
| Working income | 10 040 | 7 021 | 12 969 |
| Sundry income - net | 1 258 | 1 189 | 2 447 |
| Tribute and royalty payments - net | 1 721 | 1 721 | 3 442 |
| Income before tax and lease | 18 303 | 14 558 | 29 858 |
| Tax and lease | 18 303 | 14 558 | 29 858 |
| Income after tax and lease | 18 303 | 14 558 | 29 858 |
| Capital expenditure | 1 811 | 1 775 | 3 586 |
| Dividend on preference shares | 7 000 | 5 000 | 12 000 |
| DEVELOPMENT - Beatrix Reef | | | |
| Advanced (m) | 5 274 | 8 799 | 14 073 |
| Advanced on reef (m) | 2 278 | 1 129 | 3 407 |
| Sampled (m) | 1 981 | 1 737 | 3 718 |
| Channel width (m) | 163 | 160 | 323 |
| Average value - gold (g/t) | 7 063 | 1 051 | 1 068 |

REMARKS
- Estimated capital expenditure for the next six months - R4.0 million.
- Hedging profits of R925 000 from the forward sale of 31 994 ounces of gold are included in working revenue. As of 31 December 1992 - 143 211 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.

WEST RAND Consolidated Mines Limited

Company Registration No. 010187/06

Sale of assets finalised

Issued capital - 4 250 000 ordinary shares of R1 each.

| | Year ended 31.12.1992 |
|---|--------------------------|
| BALANCE SHEET (R'000) | |
| Capital employed | 4 200 |
| Share capital | 4 200 |
| Non-distributable reserves | 8 843 |
| Distributable reserves | 3 132 |
| Long-term loan | 40 011 |
| Employment of capital | |
| Fixed assets | 11 271 |
| Net current assets | 28 640 |
| Debtors | |
| - Deposits, bank and cash | 3 988 |
| - Prepayments and other receivables | 1 418 |
| - Purchase consideration | 32 522 |
| - Less creditors and tax | 111 260 |
| REMARKS | |
| - Shareholders approved the disposal of the major portion of the company's assets at the general meeting which was held on 14 December 1992. All the conditions precedent to the agreement have been met and the disposal of the assets has become a reality. | |
| - The company's listing on the Johannesburg Stock Exchange has been transferred from the "Gold - Witwatersrand and Others" sector of the list to the "Gold - Curried Overhead" sector. As a condition precedent to its approval of the disposal, the South African Reserve Bank instructed that the company's listings on the London Stock Exchange and the Paris Bourse should be terminated not later than 6 months after the general meeting. However, the company feels that this will prejudice the credibility of the shares and discussions in this regard are proceeding. | |
| - Seeing in mind the warranties and undertakings given to the purchasers regarding the proceeds of the sale, the directors are still evaluating the most effective method of distributing the funds in the company. | |
| - As the company has effectively ceased mining operations it will no longer publish a quarterly report, but it will publish an interim report each year. | |

UNISEL Gold Mines Limited

Company Registration No. 12/1080/06

Profits well up

Issued capital - 28 000 000 shares of no-par value.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | 6 months ended 31.12.1992 |
|------------------------------------|-----------------------------|----------------------------|------------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 48 292 | 48 739 | 97 031 |
| On milled (m) | 48 292 | 48 739 | 97 031 |
| Yield (g/t) | 6.1 | 6.1 | 6.1 |
| Gold produced (kg) | 14 340 | 13 770 | 28 110 |
| Working revenue (R'000) | 27 908 | 27 852 | 55 760 |
| Working costs (R'000) | 27 908 | 27 852 | 55 760 |
| Working income (R'000) | 168 45 | 168 45 | 336 90 |
| Gold price received (R'000) | 32 590 | 31 443 | 64 033 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 27 908 | 27 852 | 55 760 |
| Working costs | 27 908 | 27 852 | 55 760 |
| Working income | 168 45 | 168 45 | 336 90 |
| Sundry income - net | 1 153 | 1 153 | 2 306 |
| Tribute and royalty payments - net | 0 785 | 4 236 | 5 021 |
| Income before tax and lease | 1 722 | 5 585 | 6 307 |
| Tax and lease | 1 722 | 5 585 | 6 307 |
| Income after tax and lease | 1 722 | 5 585 | 6 307 |
| Capital expenditure | 1 722 | 2 800 | 4 522 |
| Dividend declared | - | - | - |
| DEVELOPMENT | | | |
| Advanced (m) | 3 318 | 32 | 179 |
| Advanced on reef (m) | 48 | 22 | 70 |
| Sampled (m) | 419 | 26 | 445 |
| Channel width (m) | 95 | 127 | 222 |
| Average value - gold (g/t) | 6.5 | 16.1 | 10.4 |
| Average value - gold (R'000) | 725 | 2 002 | 1 025 |

REMARKS
- Estimated capital expenditure for the next six months - R2.6 million.
- Hedging profits of R421 000 from the forward sale of 14 542 ounces of gold are included in working revenue. As of 31 December 1992 - 62 558 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.

NOTES

1. On 29 January 1992 dividends were declared by certain of the abovementioned companies, payable to members registered at the close of business on 5 February 1992.

The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 2 March 1992, or the first day thereafter on which a rate of exchange is available.

Dividend warrants will be issued on 12 March 1992.

In the case of non-resident shareholders, the applicable taxation will be deducted.

The full conditions of payment may be inspected at or obtained from the registered office.

ST. HELENA Gold Mines Limited

Company Registration No. 0520743/06

Yield improved by rationalisation

Issued capital - 3 825 000 ordinary shares of R1 each.

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|-------------------------------------|-----------------------------|----------------------------|--------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 38 001 | 59 829 | 224 584 |
| On milled (m) | 38 001 | 59 829 | 224 584 |
| Yield (g/t) | 6.0 | 5.9 | 6.1 |
| Gold produced (kg) | 11 571 | 17 453 | 61 891 |
| Working revenue (R'000) | 32 184 | 21 753 | 32 184 |
| Working costs (R'000) | 31 446 | 32 348 | 104 140 |
| Working income (R'000) | 27 388 | 19 133 | 18 356 |
| Gold price received (R'000) | 32 184 | 31 116 | 32 184 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 32 184 | 21 753 | 32 184 |
| Working costs | 31 446 | 32 348 | 104 140 |
| Working income | 27 388 | 19 133 | 18 356 |
| Sundry income - net | 6 588 | 249 | 3 157 |
| Tribute and royalty payments - net | 6 088 | 2 138 | 1 104 |
| Income before tax and lease | 3 830 | 0 770 | 23 839 |
| Tax and lease | 12 459 | 2 557 | 8 410 |
| Income after tax and lease | 12 459 | 4 077 | 14 295 |
| Capital expenditure | 59 | 271 | 2 426 |
| Dividend declared - ordinary shares | 1 925 | - | 11 550 |

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|------------------------------|-----------------------------|----------------------------|--------------------------|
| DEVELOPMENT | | | |
| Advanced (m) | 1 108 | 26 | 1 134 |
| Advanced on reef (m) | 249 | 333 | 1 308 |
| Sampled (m) | 275 | 310 | 585 |
| Channel width (m) | 165 | 233 | 170 |
| Average value - gold (g/t) | 5.8 | 1.8 | 6.0 |
| Average value - gold (R'000) | 575 | 421 | 1 065 |

REMARKS
- Estimated capital expenditure for the next six months - R1.6 million.
- Hedging profits of R339 000 from the forward sale of 11 713 ounces of gold are included in working revenue. As of 31 December 1992 - 50 278 ounces were hedged at an average price of R34 236 per kilogram. This position is managed on an ongoing basis.
- Treatment of mines by Free State Consolidated Gold Mines (Operations) Limited yielded a profit of R161 000 for the quarter.
- Final dividend of 75 of 20 cents per share was declared.

Oryx mine

A division of St. Helena Gold Mines Limited

Shift being equipped

| | Quarter ended 31.12.1992 | Quarter ended 30.9.1992 | Year ended 31.12.1992 |
|----------------------------------|-----------------------------|----------------------------|--------------------------|
| OPERATING RESULTS | | | |
| Mined (m) | 47 000 | 61 000 | 254 000 |
| On milled (m) | 47 000 | 61 000 | 254 000 |
| Yield (g/t) | 6.0 | 5.8 | 5.9 |
| Gold produced (kg) | 14 340 | 13 770 | 28 110 |
| Working revenue (R'000) | 27 908 | 27 852 | 55 760 |
| Working costs (R'000) | 27 908 | 27 852 | 55 760 |
| Working income (R'000) | 168 45 | 168 45 | 336 90 |
| Gold price received (R'000) | 32 590 | 31 443 | 64 033 |
| FINANCIAL RESULTS (R'000) | | | |
| Working revenue | 27 908 | 27 852 | |

COMPANY NEWS: UK

Matthew Clark rises 9% in difficult market

By Philip Rawstone

MATTHEW CLARK, the British wines and mineral water producer, lifted first half pre-tax profits 9 per cent to £2.42m in "a recessionary trading environment."

Earnings per share for the six months to October 31 improved slightly from 16.4p to 18.5p and the interim dividend is raised from 6.5p to 6.75p.

Operating profit increased 21 per cent to £2.45m on turnover which declined 2 per cent from £27.65m to £26.06m.

Sales of Strathmore Spring water, which the company acquired in May last year, rose 23 per cent in a market which remained static during the latter part of 1992, said Mr Peter Aikens, chief executive.

"Whilst we are confident that the UK market for bottled water will resume growth as

the economy improves, competition in the sector will remain intense," Mr Aikens added. "We intend to build demand for Strathmore Spring Water with substantially increased levels of marketing expenditure."

Old England British sherry retained brand leadership in a market which grew 4 per cent compared with a 6 per cent decline in Spanish sherry sales. The company increased market share in spite of the inroads into brand sales by private label business. Stone's Original Ginger Wine performed well.

The company is investing £3m in its Barchester Winery, which should improve quality, increase efficiency and provide better facilities for product development, Mr Aikens said.

Cost reductions had been made in most areas of the business, particularly production

and distribution.

Mr Aikens said Christmas trading had ended satisfactorily after a slow start. "We expect our core British wine business to perform rather better than the overall wines and spirits market for the rest of this financial year but we envisage continued pressure on margins. Strathmore should outperform the market as recent listings by multiple retailers and wholesalers translate into sales."

By Paul Taylor

ELECTRON HOUSE, the Reigate-based distributor of electronic components which has undergone substantial restructuring in the last few years, yesterday reported a 44 per cent gain in interim pre-tax profits and is raising the dividend.

Helped by higher sales and operating profits from continuing operations, and lower interest costs, pre-tax profits rose from £595,000 to £854,000 in the six months ended November 30 1992.

Earnings per share grew to 1.68p (1.03p) and the interim dividend is being increased by 5 per cent to 1.05p (1p) per share.

Sales from continuing operations increased by 24 per cent to £35.9m

(£29m) and generated £1.42m (£916,000) of operating profits. Discontinued operations added sales of £10.6m (£31.1m) and operating profits of £182,000 (£948,000).

Mr Robert Leigh, chairman, said the results provided further evidence of the benefits of the restructuring and were "particularly encouraging" given the prolonged depressed economic conditions.

He said: "These results demonstrate that we continue to increase market share while maintaining tight control of overheads. Every sector of the group increased its sales and profits in local currency over the same period last year." He said six of the group's remaining eight companies improved their operating profit margins.

Although the UK market for electronic components grew by about 4 per cent in 1992, with flat demand for passive and electro-mechanical components and a 6 per cent increase in semi-conductors, Electron captured market share as component sales grew by 18 per cent.

Component companies in Australia and New Zealand also performed well, although results in the first quarter were depressed in sterling terms by the weakness of the Australian dollar.

Electron's two remaining systems companies, which both hold strong positions in niche markets, also increased sales although profit growth lagged expectations.

The group completed the sale of its high volume, low margin Bytech com-

puter wholesaling business in August. The purchaser paid £5m for £4m of net assets and assumed over £5m of bank borrowings.

As a result, Mr Leigh said the group's borrowings had fallen to just under £4m and gearing had been cut from more than 110 per cent at the end of May to between 30 and 40 per cent. Interest costs in the first six months fell to £732,000 (£1.17m).

Under new accounting rules the group recorded a £148,000 extraordinary item in the first half. That reflected the difference between the £750,000 remaining goodwill previously written off to reserves on the acquisition of the computer wholesaling group and the £502,000 profit after costs and tax on its disposal.

Wolverhampton warns of fall in beer sales

By Philip Rawstone

A 3 PER CENT decline in overall beer consumption this year was forecast yesterday by Mr David Thompson, managing director of Wolverhampton & Dudley Breweries.

The fall in sales through pubs would be steeper, he said at the company's annual meeting - "that means there will continue to be many pub closures across the country."

Mr Thompson told shareholders that although the state of the economy was a drag on beer consumption, the main impact on the business was now coming from the decline in the numbers of 18 to 25 year-olds.

"Per head, this group spends both more money and more time in pubs than any other section of the population; thus the decline of this group will have a disproportionate effect on overall consumption and on drinking in pubs in particular."

National brewers, recovering from reorganisation, would pose a greater competitive threat. "Profit margins in the free trade and take-home sectors will be under pressure throughout the year," Mr Thompson said. "1993 will be tough."

CIA to sign Italian equity-linking deal

By Gary Mead, Marketing Correspondent

CIA GROUP, the USM-quoted London-based media buying and planning group, plans to sign by March an equity-linking deal with the privately-owned Italian media company Mediaset, joining the two for the purposes of pan-European media buying.

CIA intends to issue shares to cover the deal. The initial consideration, worth about £3m, will give shareholders of Blufin, parent of Mediaset, about 10 per cent of the enlarged share capital of CIA.

That stake could increase to a maximum of 18 per cent, depending on the future profitability of Blufin.

Under the agreed terms, Blufin shareholders must keep the shares for a minimum of 2 years; thereafter it will be

allowed to sell 20 per cent of its holdings a year.

CIA already works informally with other media-buying companies in Europe; this is its first equity-linking deal. CIA's subsidiary, CIA International, was specifically set up to handle accounts of multi-national clients, such as Nike, Shell, Dunhill and Wrigleys.

CIA International now does all Nike's pan-European media buying. Nike has increased its business with CIA to billings of £40m this year.

Blufin's pre-tax profits for the year ended December 31 1992 are expected to be in the region of £1.5bn (£560,000). Analysts are forecasting a 22 per cent rise in CIA's 1992 pre-tax profits to £3.5m, with turnover increased 30 per cent.

Earnings per share are expected to grow 13 per cent to 15.34p. CIA currently has cash reserves of about £10m.

Dumas placing proposals as losses increase

By Jean Marshall

DUMAS Group, the USM-quoted food manufacturer which requested the suspension of its shares last July pending financial clarification, has announced proposals for a placing to raise up to £2m and a reorganisation and reduction of capital.

The company also reported a pre-tax loss of £970,000 for the year to January 31 1992 against profits of £34,000 and further losses of £847,000 (£182,000) in the six months to July 1992.

The directors propose to subdivide each existing 10p ordinary share into one share of 2p and one deferred share of 8p. They propose to cancel the deferred shares and reduce the share premium account to eliminate the deficit on the profit and loss account.

The plans also include a pla-

cing of 938,750 cumulative redeemable 6 per cent preference shares of £1 each at par and of up to 22,22m new ordinary 2p shares at 5p.

A change of name to John Lusty Group will also be put to shareholders.

On completion of the share issues, Mr Arne Bergbrant will stand down as chief executive but will continue as non-executive chairman. A number of other management changes will also take place.

Mr Bergbrant said that despite the disappointing results he was convinced that following the proposed refinancing the company would be in a position to capitalise on its potential.

Losses per share for the year to January amounted to 15.34p (0.34p earnings) while for the six months period losses were 7.29p (3.71p).

COMPANY NEWS IN BRIEF

COOESON GROUP, the industrial materials group in the midst of restructuring, has agreed in principle, to sell two US subsidiaries - Monmouth Plastics and Texapol Corporation - to MA Hanna Company, the international speciality polymers company. Combined net assets of the two companies were \$10.5m (£6.9m) at the end of 1991.

CUSSINS Property Group is to sell its interest in the Denmark Centre in South Shields, Tyne & Wear, for £2.5m cash. The proceeds will be used to reduce group borrowings.

GOODHEAD Group, via its subsidiary Goodhead Direct, has sold for £137,000 the Readers' Offers business to Notsale Forty-Four.

NO PROBE: Ecclesiastical Insurance Office's proposed acquisition of shares not already owned in St Andrew

Trust is not to be referred to the Monopolies and Mergers Commission.

PERK, the multinational traffic and field data systems concern, has sold Computer Instruments Corporation to its US management for a price equal to its net assets of \$1.21m (£775,000).

SHANKS & McEWAN, waste management company, has acquired Land Pili Gas for £480,000 in cash. LFG, through a joint venture with a Norwegian subsidiary, specialises in the generation of electricity from landfill gas.

SINCLAIR (William) Holdings has paid a deferred consideration of £833,684 to the vendors of Secto Company, which Sinclair acquired for an initial £5m in April 1992. A further £135,000 will be paid in September for the year to June. There is no further consideration.

Restructuring benefits push up Electron

THIS SHOULD STRAIGHTEN THINGS OUT.

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COMMODITIES AND AGRICULTURE

North Sea oil dips below \$17

By Deborah Hargreaves

NORTH SEA oil prices dipped below \$17 per barrel for the first time in a week yesterday following a sharp drop in the New York market on Tuesday night. London and New York prices were depressed yesterday with North Sea Brent crude prices for March delivery touching \$16.95 a barrel.

The March futures contract on the New York Mercantile Exchange fell by 19 cents to \$16.95 per barrel in mid-day trading.

The fall of more than 50 cents a barrel in the New York futures market on Tuesday night followed the release of a weekly report on oil stocks by the American Petroleum Institute. The API reported a rise in crude stocks of 7.8m barrels in the previous week, with gasoline inventories increasing by 6m barrels.

The stock figures unnerved the market as they came out higher than analysts' expectations. Crude oil stocks rose as imports continued to build up at Gulf of Mexico terminals, but demand remained sluggish and US refineries cut their production runs to just under 85 per cent capacity utilisation.

Another factor that sent prices falling was the ceasefire

mooted by Saddam Hussein, Iraq's leader, on Tuesday. Crude prices have increased slightly on the back of tension in the Middle East even though Iraq does not export oil at present.

In the North Sea, the Sullom Voe loading terminal remained closed because of high winds. Storage tanks at the terminal and at Chevro's Ninian platform are almost full, meaning production could be cut. These still looking on the oil price.

The oil products market is still extremely weak as the weather remains mild in Europe and North America, depressing demand. Gas oil prices moved \$2 a tonne lower on the Rotterdam market yesterday to \$156 a tonne.

The crude market remains over-supplied with oil as demand is low and traders are still looking to the Organisation of Petroleum Exporting Countries for leadership in cutting output.

"Clearly for this market to turn around, we've got to get something out of Opec and not just pledges, but action," said Mr Andrew LeBow at E.D. & F. Mao, the international trading house, in New York.

Industry urges CIS aluminium quota

By Kenneth Gooding, Mining Correspondent

THE EUROPEAN aluminium industry is appealing to national governments for stringent quotas to be imposed on aluminium imports from the Commonwealth of Independent States. The industry says it operates at a loss and its viability is "seriously endangered".

Producers in France, Germany, Italy, Spain and the UK want their governments to press the European Commission to restrict CIS aluminium imports to 82,000 tonnes a year, compared with the estimated

800,000 tonnes that flooded the EC in 1992 and 450,000 tonnes the previous year.

"If this problem is not dealt with very quickly it will solve itself - all the European smelters will have closed down," said one industry official yesterday.

The producers say 82,000 tonnes was the average annual tonnage imported to all western markets during the last three "normal" years before the "dramatic and unexpected increase in aluminium exports from the former Soviet Union since 1990".

They want quotas to cover new and secondary (scrap) aluminium to close a loophole

being used by some traders who export new metal from the CIS but call it "scrap". Producers say this competes directly with new metal.

In documents presented to governments, they say that, because the EC is the closest large consuming area to the CIS, it is bearing the brunt of aluminium exports from that region. Those exports were recently estimated by the CIS industry to have reached more than 1.2m tonnes last year.

The European producers suggest CIS imports have depressed aluminium prices on the London Metal Exchange - the most widely-used guide to world prices - and forced the

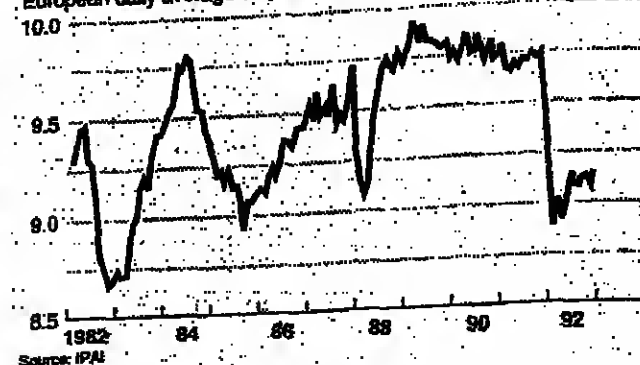
European industry to make costly production cuts.

Europe accounts for about 25 per cent of world aluminium supply but 80 per cent of the 1.1m tonnes of capacity has been shut down, either temporarily or permanently, because of low prices in the region. Earlier this week Alusuisse-Lonza announced the permanent closure of its smelter in the Valais canton of Switzerland, while Inespac said it was discussing with its unions substantial permanent output cuts at two smelters in Spain.

The European producers complain of "the total lack of official statistics or reliable information regarding the

Aluminium

European daily average output rate ('000 tonnes)



activities of the former Soviet aluminium industry" and say "the disorganisation of the CIS exporting structures is further aggravating the situation". They suggest quotas should

stay in place until the CIS stimulates a revival of its domestic market and/or adjusts its sales and pricing policies "to market economy rules and mechanisms".

SA platinum mine opens to chorus of dissent amid static prices

By Philip Gawith in Johannesburg

SOUTH AFRICA'S Northern platinum mine opens today against the background of a static platinum price and considerable dissension among local analysts as to the merits of the project.

Disagreement centres around what sort of grades the mine will produce, whether or not it is a high cost producer and the timing of the opening.

Although the mine will not be a particularly large pro-

ducer - between 230,000 and 250,000 troy ounces a year at full production, about 6 per cent of world supply - its progress is being keenly watched. Not only does it represent the first venture into platinum for Gold Fields of South Africa, but recent attempts to expand platinum capacity in South Africa have met with mixed fortunes.

Although Rustenburg, Impala and Lonrho, the three main producers, have all increased capacity to recoup

market has caused Impala to defer development of the Maseru project, and Lebowa Platinum has also encountered problems with the expansion of its Atok mine.

Critics of Northern, like Mr Kevin Kartun of stockbrokers Frankel Pollak Vindertine, cite four main concerns: that the mine is unequivocally a high cost producer and therefore vulnerable in any price squeeze; that ore reserves below 2,000 metres may not be accessible because of heat problems, shortening the

mine's life; that considerable gambles are being taken with various new technologies; and that the grades claimed by the company are excessively optimistic.

Mr Dave Russell of brokers Irish & Menell Roseberg takes a more optimistic view. He argues that the planning and design of the mine has been methodical and well proven, and that the predicted grades make the mine a medium cost producer. He is also confident the company has the requisite techni-

cal expertise to deal with any mining problems that might arise.

Although a platinum price of \$360 an ounce is probably considerably lower than that envisaged when the mine was conceived in the mid-1980s, Mr Jeremy Coombes of Johnson Matthey says the rationale behind its development is still valid. Although much of the increased autocatalyst demand the mine sought to cash in on has already taken place, widespread and stringent emissions legislation should ensure this

market continues to grow.

Mr Coombes says the supply/demand situation for platinum in 1993 looks balanced. He predicts more metal from South Africa - Rustenburg has completed the Amandaville expansion. Impala is recovering from a severely disrupted year and Lonrho's expansion continues - but believes this will be absorbed by increased demand for exhaust catalysts from the motor industries in Europe and the Americas. He predicts jewellery and industrial off-take at similar levels to 1992.

Subsidy cut highlights the ups and downs of hill sheep farming

David Blackwell on how the phasing out of the Hill Livestock Compensatory Allowance will affect the Lake District

BRITAIN'S HILL sheep farmers are in arms over the Ministry of Agriculture's decision to cut one of the mainstays of their income - the Hill Livestock Compensatory Allowance.

The National Farmers' Union has described the £2.25 reduction in HLCAs for breeding ewes to £6.50 as an arbitrary step that will inflict a crippling blow on a hard-pressed sector of the agricultural industry.

The ministry has strongly defended the move, which is part of the switch towards a uniform system of subsidies within the European Community's single market. UK hill farm incomes were up 66 per cent in 1991-92, and were expected to rise further this year, said one official. The ministry is forecasting an average cash income of £18,600 for hill sheep farmers in 1992-93, compared with £10,900 in 1990-91.

At an angry meeting at the Newfield Inn, Seathwaite, in the Duddon Valley earlier this month, Lake District hill farmers argued that while incomes were up, they had risen from a very low base. "What's 66 per cent of nothing? 1991 was



Hill farmers fear the move will hasten their slide down the slippery slope to bankruptcy

about the worst year - we have certainly not got back to 1984 figures," one said.

Hill sheep farms rely heavily on subsidies, and the HLCAs system - funded 75 per cent by the EC and 25 per cent by the UK government - was designed specifically to keep people farming on the hills. Government statistics show that fewer people are leaving the hills than are leaving agriculture in other parts of the country - but hill farmers question whether this will remain the case.

Farmers are notoriously

tight-lipped about their accounts. But Mr Maurice Hall, who runs nearly 1,300 sheep at Stowgill Farm, near Kaker in Cumbria, was willing to open his books to show the effect of the cut. His total income per ewe in 1992 was £14.24, made up as follows: HLCAs £8.75, sheep annual premium (the EC support) £18.75, sale of lambs £10 and sale of ewes £3.70. Both the last two payments are averaged out per ewe.

He does not include wool sales in the accounts, as the amount received merely covers the cost of shearing.

Variable costs per ewe, including feed, veterinary charges and overwintering costs came to £14.90, leaving a gross margin of £26.35 per ewe. He has set the farm up as a company with a partner, and last year paid himself a wage of £6,000. Total fixed costs are roughly £20 a ewe, leaving £6.35. "Out of which I have to pay the mortgage."

The cut in this year's HLCAs will take nearly £3,000 off the budgeted income that he presented to his bank last September. He admitted that some of this would be made up by

increases in the sheep annual premium, but he felt that the Government action suggested that if the hill farmers reached profitability, the money would be cut.

"I have made no money for reinvestment in the last three years," he said. "I have not bought anything - not even second hand."

The ministry believes the hill farmers have not yet fully grasped the increased benefits that will be coming their way through the EC sheep annual premium, which one official said would give a gross margin of £30 per ewe. The increases follow sterling's depreciation after its withdrawal from the Exchange Rate Mechanism in September.

Before last September the sheep annual premium was £14.51, plus a £4.37 supplement for less favoured areas (LFAs) - a category which covers most of the upland farming land in the UK. Since then the payments have risen to £17.25 and £5.78 respectively, a total increase of £4.05 - which more than offsets the cut in HLCAs. Premium payments are limited to the number of sheep being

kept on each farm in 1991.

Mr John Gummer, the agriculture minister, told Devon NFU earlier this month, that the higher annual premiums and increased LFA supplement, together with the rise in hill farm incomes last year, were worth an estimated £80m to £90m while the cut in HLCAs would take back only £23m.

The increase in sheep annual premium has failed to impress the Lake District hill farmers, however. In the Penrith area a petition protesting against the HLCAs cuts has been signed by nearly 800 local people and 30 farmers will be bringing it to the Houses of Parliament next week to join other NFU country-wide MPs to reverse the decision.

Mr David Ellwood, a National Trust tenant with 1,000 ewes in the Duddon valley, was one of 12 who cleared in 1989 for Baskill Farm, built in 1885, the type of farm a tourist would expect to find on National Trust property. He moved there with his wife and children from his father's farm Eskdale, where he was born

and brought up but which could no longer provide them with a living.

He is puzzled that the government income statistics show hill farm incomes rising, pointing out that his lambs were selling for £13 to £14 apiece in his first year, but made only £11 in 1992.

"Even before the cuts it was hard enough to make a living here," he said. "Gummer should come up and see how we actually live in the hills."

In the Newfield Inn the farmers said it was their work that kept the Lake District attractive to tourists, who bring £250m a year into the local economy. The boost from tourists also kept the village shops going. They feared that any reduction in their income would start a vicious circle of decline, with land reverting to scrub, dry stone walls going unrepaired, shops closing and villages becoming depopulated.

"What would be the cost of maintaining the countryside if the sheep were not there?" asked one.

Former eastern bloc zinc exports more than double

By Kenneth Gooding

ZINC exports from former eastern bloc countries more than doubled last year from the 1991 level, pushing the western market into a substantial supply surplus.

Preliminary estimates by the International Lead and Zinc Study Group suggest eastern bloc net exports rose from 104,000 tonnes in 1991 to 250,000 tonnes. There was a steep increase from Kazakhstan where western producers, attracted by low costs, sent zinc concentrate (an intermediate product) for refining. There was also a sharp rise in Polish exports.

Zinc mine output in the west hardly changed from the 1991 level at 5.58m tonnes last year. Refined metal production was 0.7 per cent down at 3.55m tonnes while zinc consumption slipped 0.8 per cent to 5.36m tonnes. Increased imports took the surplus up from 86,000 to 238,000 tonnes.

The surplus is highly visible because much of the metal is in London Metal Exchange stocks, which reached 800,000 tonnes for the first time.

WORLD COMMODITIES PRICES

MARKET REPORT

Robust COFFEE futures yesterday resumed the downturn that had been interrupted on Tuesday, with the March position at the London Futures and Options Exchange ending the day \$59 down at \$910 a tonne. The trend was again sat in the New York market, where investment fund selling pushed prices through successively lower support levels. "There's a lot of extra fund money out there... which is why we're getting the violent movements we haven't seen since the 1980s," one trader said. COCOA prices were also

weaker, on trade profit-taking and light producer ailing, and the May position closed at \$732 a tonne, down \$4. Trading remained quiet at the London Metal Exchange, where the overnight performance was the cash price of \$4.90 rise to \$5,940 a tonne. That was the fifth successive daily gain and took the rise over the past week to more than \$110 a tonne. Dealers attributed the continued rise chiefly to technical considerations. ALUMINIUM prices weakened further under speculative selling pressure.

Compiled from Reuters

London Markets

SPOT MARKETS

| Commodity | Unit | Price | Change |
|--------------------------------|--------|-------|--------|
| Crude oil (per barrel FOB/Mar) | \$/bbl | 16.95 | -0.15 |
| Brent Blend (dated) | \$/bbl | 16.95 | -0.15 |
| Brent Blend (Mar) | \$/bbl | 17.05 | -0.15 |
| WTI (1st Jun delivery) | \$/bbl | 18.00 | -0.10 |

Oil products

| Commodity | Unit | Price | Change |
|-----------------------------------|---------|--------|--------|
| NWE prompt delivery per tonne CIF | £/tonne | 115.50 | -1.50 |
| Premium Gasoline | £/tonne | 115.50 | -1.50 |
| Gas Oil | £/tonne | 115.50 | -1.50 |
| Heavy Fuel Oil | £/tonne | 115.50 | -1.50 |
| Naphtha | £/tonne | 115.50 | -1.50 |
| Petroleum Argus Estimates | £/tonne | 115.50 | -1.50 |

Other

| Commodity | Unit | Price | Change |
|-------------------------|------|---------|--------|
| Gold (per troy oz) | £/oz | 329.50 | +0.3 |
| Silver (per troy oz) | £/oz | 270.50 | -0.5 |
| Platinum (per troy oz) | £/oz | 537.75 | -0.8 |
| Palladium (per troy oz) | £/oz | 1008.50 | -1.25 |

Copper (US Producer)

| Commodity | Unit | Price | Change |
|---------------------------|------|--------|--------|
| Copper (US Producer) | ¢/lb | 106.50 | -0.50 |
| Lead (US Producer) | ¢/lb | 36.50 | -0.50 |
| Tin (Kuala Lumpur market) | ¢/lb | 14.90 | +0.08 |
| Zinc (US Prime Western) | ¢/lb | 275.00 | +2.5 |

Cattle (live weight)

| Commodity | Unit | Price | Change |
|----------------------|-------|--------|--------|
| Cattle (live weight) | £/cwt | 115.50 | -1.50 |
| Sheep (live weight) | £/cwt | 84.50 | -3.50 |
| Pigs (live weight) | £/cwt | 80.00 | +0.80 |

London daily sugar (raw)

| Commodity | Unit | Price | Change |
|----------------------------|-------|--------|--------|
| London daily sugar (raw) | £/cwt | 121.75 | +1.4 |
| London daily sugar (white) | £/cwt | 122.50 | +1.4 |
| Tate and Lyle export sugar | £/cwt | 124.00 | +1.4 |

Barley (English feed)

| Commodity | Unit | Price | Change |
|----------------------------|----------|--------|--------|
| Barley (English feed) | £/cwt | 123.50 | -0.50 |
| Maize (US No. 3 yellow) | ¢/bushel | 1.61 | +0.75 |
| Wheat (US Dark Northern) | ¢/bushel | 42.50 | -0.25 |
| Rubber (Feb) | ¢/lb | 64.75 | -0.25 |
| Rubber (Mar) | ¢/lb | 64.75 | -0.25 |
| Rubber (Jul 1993 No 1 Feb) | ¢/lb | 58.50 | +1.5 |

Cocoa (US Prime Western)

| Commodity | Unit | Price | Change |
|--------------------------|----------|-------|--------|
| Cocoa (US Prime Western) | ¢/lb | 62.00 | -0.50 |
| Cocoa (Philippines) | ¢/lb | 54.50 | -0.50 |
| Cocoa (Malaysia) | ¢/lb | 54.00 | +2.5 |
| Cocoa (Philippines) | ¢/lb | 52.75 | -0.50 |
| Soyabean (US) | ¢/bushel | 11.70 | -1.0 |
| Cotton "A" Index | ¢/lb | 58.50 | -0.50 |
| Wooltops (44 Super) | ¢/lb | 35.00 | -0.50 |

WOOL

The Australian market picked up fractionally at the end of last week and has moved a little higher again so far this week. The Wool Corporation's market indicator, which ended before Christmas at 509c, slipped to 500 before recovering on January 20 to 505c again. These tiny changes were accompanied by an improved clearance to the trade, with only 7% passed in a January 20 compared with 25% on the previous first day. It is difficult to find any response in the amount of trade processing and manufacturing sectors around the world.

COCOA - London FOX

| | Close | Previous | High/Low |
|-----|-------|----------|----------|
| Mar | 722 | 724 | 727 720 |
| May | 732 | 736 | 739 731 |
| Jul | 743 | 748 | 751 743 |
| Sep | 758 | 761 | 764 758 |
| Dec | 774 | 778 | 781 773 |
| Mar | 796 | 800 | 802 798 |
| May | 809 | 814 | 817 809 |
| Jul | 823 | 827 | 830 823 |

Turnover: 6288 (5287) lots of 10 tonnes

ICE Index: 198.75 (198.75) 10 day average for Jan 19 1993 (198.75) 15 day average for Jan 19 1993 (198.75)

COFFEE - London FOX

| | Close | Previous | High/Low |
|-----|-------|----------|----------|
| Jan | 923 | 973 | 950 918 |
| Mar | 901 | 948 | 943 907 |
| May | 901 | 948 | 943 907 |
| Jul | 901 | 948 | 943 907 |
| Sep | 901 | 948 | 943 907 |
| Nov | 901 | 948 | 943 907 |

Turnover: 2832 (2297) lots of 5 tonnes

ICE Index: 198.75 (198.75) 10 day average for Jan 19 1993 (198.75) 15 day average for Jan 19 1993 (198.75)

POTATOES - London FOX

| | Close | Previous | High/Low |
|-----|-------|----------|-----------|
| Apr | 65.0 | 65.0 | 65.0 65.0 |
| May | 72.0 | 71.5 | 72.0 71.5 |

Turnover: 30 (35) lots of 20 tonnes

SOYABEAN - London FOX

| | Close | Previous | High/Low |
|-----|--------|----------|----------|
| Apr | 151.50 | 151.50 | |
| May | 151.50 | 151.50 | |
| Jun | 151.50 | 151.50 | |
| Jul | 151.50 | 151.50 | |
| Aug | 151.50 | 151.50 | |
| Sep | 151.50 | 151.50 | |
| Oct | 151.50 | 151.50 | |
| Nov | 151.50 | 151.50 | |
| Dec | 151.50 | 151.50 | |

Turnover: 26000 (23165) lots of 10 tonnes

GAS OIL - IPE

| | Close | Previous | High/Low |
|-----|--------|----------|---------------|
| Feb | 161.75 | 163.00 | 162.00 160.25 |
| Mar | 161.75 | 163.00 | 162.00 160.25 |
| Apr | 161.75 | 163.00 | 162.00 160.25 |
| May | 161.75 | 163.00 | 162.00 160.25 |
| Jun | 161.75 | 163.00 | 162.00 160.25 |
| Jul | 161.75 | 163.00 | 162.00 160.25 |
| Aug | 161.75 | 163.00 | 162.00 160.25 |
| Sep | 161.75 | 163.00 | 162.00 160.25 |
| Oct | 161.75 | 163.00 | 162.00 160.25 |
| Nov | 161.75 | 163.00 | 162.00 160.25 |
| Dec | 161.75 | 163.00 | 162.00 160.25 |

Turnover: 18077 (18103) lots of 100 tonnes

LONDON METAL EXCHANGE

| | Close | Previous | High/Low |
|-----------|---------|----------|-----------------|
| Aluminium | 1201.50 | 1212.50 | 1204.50 1204.50 |
| Cash | 1201.50 | 1212.50 | 1204.50 1204.50 |
| 3 months | 1201.50 | 1212.50 | 1204.50 1204.50 |
| 6 months | 1201.50 | 1212.50 | 1204.50 1204.50 |
| 9 months | 1201.50 | 1212.50 | 1204.50 |

| Notes | Price | € | + 10 | 10 |
|-------|-------|---|------|----|
|-------|-------|---|------|----|

[illegible][illegible]

| | | | | | |
|-----|----|-----|-----|-------|-----|
| 277 | + | 254 | 116 | 1360 | 2 |
| 325 | + | 617 | 295 | 621.3 | 6.1 |
| 326 | -3 | | | | 1.8 |
| 327 | + | 356 | 214 | 2,621 | 6.8 |
| 328 | + | 616 | 214 | 197.8 | 1.5 |
| 329 | + | 285 | 20 | | 1.2 |
| 330 | + | 616 | 295 | 2,302 | 5.2 |
| 331 | + | 309 | 359 | 718.8 | 1.5 |

LIFE

| Price | + or - | 1992/93 | Mkt | Yld | P |
|-------|--------|---------|-----|--------|-----|
| 1099 | | high | low | CapGen | Fr |
| 1698 | | 1110 | 752 | 695.3 | 3.8 |
| 1700 | | 1110 | 752 | 695.3 | 3.8 |
| 1800 | | 1110 | 752 | 695.3 | 3.8 |
| 1801 | -2 | | | | 1.4 |
| 1802 | -2 | | | | 1.4 |
| 1803 | -2 | | | | 1.4 |
| 1804 | -2 | | | | 1.4 |
| 1805 | -2 | | | | 1.4 |
| 1806 | -2 | | | | 1.4 |
| 1807 | -2 | | | | 1.4 |
| 1808 | -2 | | | | 1.4 |
| 1809 | -2 | | | | 1.4 |
| 1810 | -2 | | | | 1.4 |
| 1811 | -2 | | | | 1.4 |
| 1812 | -2 | | | | 1.4 |
| 1813 | -2 | | | | 1.4 |
| 1814 | -2 | | | | 1.4 |
| 1815 | -2 | | | | 1.4 |
| 1816 | -2 | | | | 1.4 |
| 1817 | -2 | | | | 1.4 |
| 1818 | -2 | | | | 1.4 |
| 1819 | -2 | | | | 1.4 |
| 1820 | -2 | | | | 1.4 |
| 1821 | -2 | | | | 1.4 |
| 1822 | -2 | | | | 1.4 |
| 1823 | -2 | | | | 1.4 |
| 1824 | -2 | | | | 1.4 |
| 1825 | -2 | | | | 1.4 |
| 1826 | -2 | | | | 1.4 |
| 1827 | -2 | | | | 1.4 |
| 1828 | -2 | | | | 1.4 |
| 1829 | -2 | | | | 1.4 |
| 1830 | -2 | | | | 1.4 |
| 1831 | -2 | | | | 1.4 |
| 1832 | -2 | | | | 1.4 |
| 1833 | -2 | | | | 1.4 |
| 1834 | -2 | | | | 1.4 |
| 1835 | -2 | | | | 1.4 |
| 1836 | -2 | | | | 1.4 |
| 1837 | -2 | | | | 1.4 |
| 1838 | -2 | | | | 1.4 |
| 1839 | -2 | | | | 1.4 |
| 1840 | -2 | | | | 1.4 |
| 1841 | -2 | | | | 1.4 |
| 1842 | -2 | | | | 1.4 |
| 1843 | -2 | | | | 1.4 |
| 1844 | -2 | | | | 1.4 |
| 1845 | -2 | | | | 1.4 |
| 1846 | -2 | | | | 1.4 |
| 1847 | -2 | | | | 1.4 |
| 1848 | -2 | | | | 1.4 |
| 1849 | -2 | | | | 1.4 |
| 1850 | -2 | | | | 1.4 |
| 1851 | -2 | | | | 1.4 |
| 1852 | -2 | | | | 1.4 |
| 1853 | -2 | | | | 1.4 |
| 1854 | -2 | | | | 1.4 |
| 1855 | -2 | | | | 1.4 |
| 1856 | -2 | | | | 1.4 |
| 1857 | -2 | | | | 1.4 |
| 1858 | -2 | | | | 1.4 |
| 1859 | -2 | | | | 1.4 |
| 1860 | -2 | | | | 1.4 |
| 1861 | -2 | | | | 1.4 |
| 1862 | -2 | | | | 1.4 |
| 1863 | -2 | | | | 1.4 |
| 1864 | -2 | | | | 1.4 |
| 1865 | -2 | | | | 1.4 |
| 1866 | -2 | | | | 1.4 |
| 1867 | -2 | | | | 1.4 |
| 1868 | -2 | | | | 1.4 |
| 1869 | -2 | | | | 1.4 |
| 1870 | -2 | | | | 1.4 |
| 1871 | -2 | | | | 1.4 |
| 1872 | -2 | | | | 1.4 |
| 1873 | -2 | | | | 1.4 |
| 1874 | -2 | | | | 1.4 |
| 1875 | -2 | | | | 1.4 |
| 1876 | -2 | | | | 1.4 |
| 1877 | -2 | | | | 1.4 |
| 1878 | -2 | | | | 1.4 |
| 1879 | -2 | | | | 1.4 |
| 1880 | -2 | | | | 1.4 |
| 1881 | -2 | | | | 1.4 |
| 1882 | -2 | | | | 1.4 |
| 1883 | -2 | | | | 1.4 |
| 1884 | -2 | | | | 1.4 |
| 1885 | -2 | | | | 1.4 |
| 1886 | -2 | | | | 1.4 |
| 1887 | -2 | | | | 1.4 |
| 1888 | -2 | | | | 1.4 |
| 1889 | -2 | | | | 1.4 |
| 1890 | -2 | | | | 1.4 |
| 1891 | -2 | | | | 1.4 |
| 1892 | -2 | | | | 1.4 |
| 1893 | -2 | | | | 1.4 |
| 1894 | -2 | | | | 1.4 |
| 1895 | -2 | | | | 1.4 |
| 1896 | -2 | | | | 1.4 |
| 1897 | -2 | | | | 1.4 |
| 1898 | -2 | | | | 1.4 |
| 1899 | -2 | | | | 1.4 |
| 1900 | -2 | | | | 1.4 |
| 1901 | -2 | | | | 1.4 |
| 1902 | -2 | | | | 1.4 |
| 1903 | -2 | | | | 1.4 |
| 1904 | -2 | | | | 1.4 |
| 1905 | -2 | | | | 1.4 |
| 1906 | -2 | | | | 1.4 |
| 1907 | -2 | | | | 1.4 |
| 1908 | -2 | | | | 1.4 |
| 1909 | -2 | | | | 1.4 |
| 1910 | -2 | | | | 1.4 |
| 1911 | -2 | | | | 1.4 |
| 1912 | -2 | | | | 1.4 |
| 1913 | -2 | | | | 1.4 |
| 1914 | -2 | | | | 1.4 |
| 1915 | -2 | | | | 1.4 |
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| 1918 | -2 | | | | 1.4 |
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| 2011 | -2 | | | | 1.4 |
| 2012 | -2 | | | | 1.4 |
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| 2024 | -2 | | | | 1.4 |
| 2025 | -2 | | | | 1.4 |
| 2026 | -2 | | | | 1.4 |

TRU TRUSTS

[illegible]

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| 164 | 1 | 1 | 181 | 104 | 13 | 2420 | 4 |
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| 167 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
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| 173 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
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| 175 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
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| 185 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
| 186 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
| 187 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
| 188 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
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| 190 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
| 191 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
| 192 | 1 | 1 | 181 | 122 | 14 | 120 | 11 |
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| | | | | | | |
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| 195 | | 736 | 60 | 0.8 | 26.0 | |
| 197 | | 738 | 60 | 0.8 | 26.0 | |
| 199 | | 740 | 60 | 0.8 | 26.0 | |
| 201 | | 742 | 60 | 0.8 | 26.0 | |
| 203 | | 744 | 60 | 0.8 | 26.0 | |
| 205 | | 746 | 60 | 0.8 | 26.0 | |
| 207 | | 748 | 60 | 0.8 | 26.0 | |
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| 213 | | 754 | 60 | 0.8 | 26.0 | |
| 215 | | 756 | 60 | 0.8 | 26.0 | |
| 217 | | 758 | 60 | 0.8 | 26.0 | |
| 219 | | 760 | 60 | 0.8 | 26.0 | |
| 221 | | 762 | 60 | 0.8 | 26.0 | |
| 223 | | 764 | 60 | 0.8 | 26.0 | |
| 225 | | 766 | 60 | 0.8 | 26.0 | |
| 227 | | 768 | 60 | 0.8 | 26.0 | |
| 229 | | 770 | 60 | 0.8 | 26.0 | |
| 231 | | 772 | 60 | 0.8 | 26.0 | |
| 233 | | 774 | 60 | 0.8 | 26.0 | |
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| 237 | | 778 | 60 | 0.8 | 26.0 | |
| 239 | | 780 | 60 | 0.8 | 26.0 | |
| 241 | | 782 | 60 | 0.8 | 26.0 | |
| 243 | | 784 | 60 | 0.8 | 26.0 | |
| 245 | | 786 | 60 | 0.8 | 26.0 | |
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| 251 | | 792 | 60 | 0.8 | 26.0 | |
| 253 | | 794 | 60 | 0.8 | 26.0 | |
| 255 | | 796 | 60 | 0.8 | 26.0 | |
| 257 | | 798 | 60 | 0.8 | 26.0 | |
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| 303 | | 844 | 60 | 0.8 | 26.0 | |
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| 307 | | 848 | 60 | 0.8 | 26.0 | |
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| 315 | | 856 | 60 | 0.8 | 26.0 | |
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| 319 | | 860 | 60 | 0.8 | 26.0 | |
| 321 | | 862 | 60 | 0.8 | 26.0 | |
| 323 | | 864 | 60 | 0.8 | 26.0 | |
| 325 | | 866 | 60 | 0.8 | 26.0 | |
| 327 | | 868 | 60 | 0.8 | 26.0 | |
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| 337 | | 878 | 60 | 0.8 | 26.0 | |
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| 415 | | 956 | 60 | 0.8 | 26.0 | |
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| 419 | | 960 | 60 | 0.8 | 26.0 | |
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| 423 | | 964 | 60 | 0.8 | 26.0 | |
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| 435 | | 976 | 60 | 0.8 | 26.0 | |
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| 439 | | 980 | 60 | 0.8 | 26.0 | |
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| 455 | | 996 | 60 | 0.8 | 26.0 | |
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| 563 | | 1104 | 60 | 0.8 | 26.0 | |
| 565 | | 1106 | 60 | 0.8 | 26.0 | |
| 567 | | 1108 | 60 | 0.8 | 26.0 | |
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| 607 | | 1148 | 60 | 0 | | |

| Year | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 1974 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 | 2063 | 2064 | 2065 | 2066 | 2067 | 2068 | 2069 | 2070 | 2071 | 2072 | 2073 | 2074 | 2075 | 2076 | 2077 | 2078 | 2079 | 2080 | 2081 | 2082 | 2083 | 2084 | 2085 | 2086 | 2087 | 2088 | 2089 | 2090 | 2091 | 2092 | 2093 | 2094 | 2095 | 2096 | 2097 | 2098 | 2099 | 2100 |

| | | | | | | |
|----|---|-----|----|-----|-------|------|
| 81 | — | 190 | 89 | 4.4 | 117.0 | 22.0 |
| 86 | — | 194 | 88 | 5.5 | — | — |
| 33 | — | 11 | 3 | 2.4 | 82.5 | 16.0 |
| 42 | — | 47 | 24 | 8.8 | 87.4 | 26.0 |
| 12 | — | 15 | 43 | 2.5 | 72.5 | 15.0 |
| 61 | — | — | — | — | — | — |

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INSURANCES

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Worries over Solidarity Pact

THE DOLLAR remained under pressure against the D-Mark yesterday, falling to DM1.60 in European trading, as the markets ruled out any chance of a policy easing by the Bundesbank today, writes James Bitt.

Speculation of a cut in official German rates at today's council meeting was all but killed after the Bundesbank conducted a weekly intervention to the German money market.

The Bundesbank imperceptibly eased the lowest accepted tender for 14-day funds to 8.59 per cent, and drained liquidity from the market.

Prospects for a narrowing of the differential between short-term German and US rates were further dampened as German trade unions criticised the Bonn government's "federal consolidation programme" launched yesterday.

The plan is one of the most ambitious attempts to rein in social spending and industrial subsidies to Germany since the war. But the German Trade Union, DGB, said yesterday that it would not support a solidarity pact which contained the government's proposals. Agreement on the pact is seen as a crucial precursor to aggressive inter-

est rate cuts by the Bundesbank.

A sign of the dollar's weakness was that it closed down nearly 1/4 pence against the D-Mark in London, at DM1.606, despite the German currency's weakness against the Japanese yen in Asian trading the night before. The yen closed at ¥177.8 against the D-Mark from a previous close of ¥177.96.

In European exchange rate mechanism trading, the German currency continued to weaken against the French franc, which closed at FF3.800 to the D-Mark, some 5 pence above its ERM floor.

If any source of uncertainty over the French currency remains, it is the high level of money market rates, with three-month money rising yesterday to 11 1/2 per cent.

However, Mr Michael Gallagher, Director of Economic Research at IEA, the business information group, said that was far worse than expected.

The Bank of France was deliberately keeping money market rates high as it sells French francs in an attempt to build up foreign currency reserves. A similar operation is thought to have been conducted for 3 weeks after the September French franc crisis.

Attempts by European central banks to replenish their reserves with D-Marks may even keep the German currency underpinned against the dollar for some time yet. According to Mr Gallagher, the Bundesbank's monthly report suggested that Frankfurt is still owed some DM60bn by European central banks in return for its interventions during the currency crisis.

Sterling lost exactly 2 pence against the D-Mark, closing at DM2.4750, after the December retail sales figures in the UK dropped 0.7 per cent on the month, a figure that was far worse than expected.

EMS EUROPEAN CURRENCY UNIT RATES

| Currency | Unit | Rate | % Change | % Spread | Overnight |
|-------------------|-------|----------|----------|----------|-----------|
| Spanish Peseta | 100 | 162.78 | -0.1 | 1.00 | 1.00 |
| Portuguese Escudo | 200 | 200.48 | -0.1 | 1.00 | 1.00 |
| Italian Lira | 1,000 | 1,366.00 | -0.1 | 1.00 | 1.00 |
| Belgian Franc | 100 | 33.36 | -0.1 | 1.00 | 1.00 |
| Dutch Guilder | 100 | 3.36 | -0.1 | 1.00 | 1.00 |
| French Franc | 100 | 6.55 | -0.1 | 1.00 | 1.00 |
| German Mark | 100 | 1.00 | - | - | - |

Ex central rates set by the European Commission. Currencies are in decimalising relative strength. Percentage changes are for Ex. A positive change denotes a weak currency. Divergence shows the ratio between the percentage difference between the actual market and Ex central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ex central rate.

(1/100) Sterling and Italian Lira suspended from ERM. Adjustments calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

| Jan 20 | Jan 21 | Jan 22 | Jan 23 | Jan 24 | Jan 25 | Jan 26 | Jan 27 | Jan 28 | Jan 29 | Jan 30 | Jan 31 | Feb 1 | Feb 2 | Feb 3 | Feb 4 | Feb 5 | Feb 6 | Feb 7 | Feb 8 | Feb 9 | Feb 10 | Feb 11 | Feb 12 | Feb 13 | Feb 14 | Feb 15 | Feb 16 | Feb 17 | Feb 18 | Feb 19 | Feb 20 | Feb 21 | Feb 22 | Feb 23 | Feb 24 | Feb 25 | Feb 26 | Feb 27 | Feb 28 | Feb 29 | Feb 30 | Mar 1 | Mar 2 | Mar 3 | Mar 4 | Mar 5 | Mar 6 | Mar 7 | Mar 8 | Mar 9 | Mar 10 | Mar 11 | Mar 12 | Mar 13 | Mar 14 | Mar 15 | Mar 16 | Mar 17 | Mar 18 | Mar 19 | Mar 20 | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | Mar 26 | Mar 27 | Mar 28 | Mar 29 | Mar 30 | Mar 31 | Apr 1 | Apr 2 | Apr 3 | Apr 4 | Apr 5 | Apr 6 | Apr 7 | Apr 8 | Apr 9 | Apr 10 | Apr 11 | Apr 12 | Apr 13 | Apr 14 | Apr 15 | Apr 16 | Apr 17 | Apr 18 | Apr 19 | Apr 20 | Apr 21 | Apr 22 | Apr 23 | Apr 24 | Apr 25 | Apr 26 | Apr 27 | Apr 28 | Apr 29 | Apr 30 | May 1 | May 2 | May 3 | May 4 | May 5 | May 6 | May 7 | May 8 | May 9 | May 10 | May 11 | May 12 | May 13 | May 14 | May 15 | May 16 | May 17 | May 18 | May 19 | May 20 | May 21 | May 22 | May 23 | May 24 | May 25 | May 26 | May 27 | May 28 | May 29 | May 30 | May 31 | Jun 1 | Jun 2 | Jun 3 | Jun 4 | Jun 5 | Jun 6 | Jun 7 | Jun 8 | Jun 9 | Jun 10 | Jun 11 | Jun 12 | Jun 13 | Jun 14 | Jun 15 | Jun 16 | Jun 17 | Jun 18 | Jun 19 | Jun 20 | Jun 21 | Jun 22 | Jun 23 | Jun 24 | Jun 25 | Jun 26 | Jun 27 | Jun 28 | Jun 29 | Jun 30 | Jul 1 | Jul 2 | Jul 3 | Jul 4 | Jul 5 | Jul 6 | Jul 7 | Jul 8 | Jul 9 | Jul 10 | Jul 11 | Jul 12 | Jul 13 | Jul 14 | Jul 15 | Jul 16 | Jul 17 | Jul 18 | Jul 19 | Jul 20 | Jul 21 | Jul 22 | Jul 23 | Jul 24 | Jul 25 | Jul 26 | Jul 27 | Jul 28 | Jul 29 | Jul 30 | Jul 31 | Aug 1 | Aug 2 | Aug 3 | Aug 4 | Aug 5 | Aug 6 | Aug 7 | Aug 8 | Aug 9 | Aug 10 | Aug 11 | Aug 12 | Aug 13 | Aug 14 | Aug 15 | Aug 16 | Aug 17 | Aug 18 | Aug 19 | Aug 20 | Aug 21 | Aug 22 | Aug 23 | Aug 24 | Aug 25 | Aug 26 | Aug 27 | Aug 28 | Aug 29 | Aug 30 | Aug 31 | Sep 1 | Sep 2 | Sep 3 | Sep 4 | Sep 5 | Sep 6 | Sep 7 | Sep 8 | Sep 9 | Sep 10 | Sep 11 | Sep 12 | Sep 13 | Sep 14 | Sep 15 | Sep 16 | Sep 17 | Sep 18 | Sep 19 | Sep 20 | Sep 21 | Sep 22 | Sep 23 | Sep 24 | Sep 25 | Sep 26 | Sep 27 | Sep 28 | Sep 29 | Sep 30 | Oct 1 | Oct 2 | Oct 3 | Oct 4 | Oct 5 | Oct 6 | Oct 7 | Oct 8 | Oct 9 | Oct 10 | Oct 11 | Oct 12 | Oct 13 | Oct 14 | Oct 15 | Oct 16 | Oct 17 | Oct 18 | Oct 19 | Oct 20 | Oct 21 | Oct 22 | Oct 23 | Oct 24 | Oct 25 | Oct 26 | Oct 27 | Oct 28 | Oct 29 | Oct 30 | Oct 31 | Nov 1 | Nov 2 | Nov 3 | Nov 4 | Nov 5 | Nov 6 | Nov 7 | Nov 8 | Nov 9 | Nov 10 | Nov 11 | Nov 12 | Nov 13 | Nov 14 | Nov 15 | Nov 16 | Nov 17 | Nov 18 | Nov 19 | Nov 20 | Nov 21 | Nov 22 | Nov 23 | Nov 24 | Nov 25 | Nov 26 | Nov 27 | Nov 28 | Nov 29 | Nov 30 | Dec 1 | Dec 2 | Dec 3 | Dec 4 | Dec 5 | Dec 6 | Dec 7 | Dec 8 | Dec 9 | Dec 10 | Dec 11 | Dec 12 | Dec 13 | Dec 14 | Dec 15 | Dec 16 | Dec 17 | Dec 18 | Dec 19 | Dec 20 | Dec 21 | Dec 22 | Dec 23 | Dec 24 | Dec 25 | Dec 26 | Dec 27 | Dec 28 | Dec 29 | Dec 30 | Dec 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| US | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 | 1,545 |

Commercial rates taken towards the end of London trading. Six-month forward rate 2.43-2.45p. 12-month 4.00-4.05p.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Jan 20 | Jan 21 | Jan 22 | Jan 23 | Jan 24 | Jan 25 | Jan 26 | Jan 27 | Jan 28 | Jan 29 | Jan 30 | Jan 31 | Feb 1 | Feb 2 | Feb 3 | Feb 4 | Feb 5 | Feb 6 | Feb 7 | Feb 8 | Feb 9 | Feb 10 | Feb 11 | Feb 12 | Feb 13 | Feb 14 | Feb 15 | Feb 16 | Feb 17 | Feb 18 | Feb 19 | Feb 20 | Feb 21 | Feb 22 | Feb 23 | Feb 24 | Feb 25 | Feb 26 | Feb 27 | Feb 28 | Feb 29 | Feb 30 | Mar 1 | Mar 2 | Mar 3 | Mar 4 | Mar 5 | Mar 6 | Mar 7 | Mar 8 | Mar 9 | Mar 10 | Mar 11 | Mar 12 | Mar 13 | Mar 14 | Mar 15 | Mar 16 | Mar 17 | Mar 18 | Mar 19 | Mar 20 | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | Mar 26 | Mar 27 | Mar 28 | Mar 29 | Mar 30 | Mar 31 | Apr 1 | Apr 2 | Apr 3 | Apr 4 | Apr 5 | Apr 6 | Apr 7 | Apr 8 | Apr 9 | Apr 10 | Apr 11 | Apr 12 | Apr 13 | Apr 14 | Apr 15 | Apr 16 | Apr 17 | Apr 18 | Apr 19 | Apr 20 | Apr 21 | Apr 22 | Apr 23 | Apr 24 | Apr 25 | Apr 26 | Apr 27 | Apr 28 | Apr 29 | Apr 30 | May 1 | May 2 | May 3 | May 4 | May 5 | May 6 | May 7 | May 8 | May 9 | May 10 | May 11 | May 12 | May 13 | May 14 | May 15 | May 16 | May 17 | May 18 | May 19 | May 20 | May 21 | May 22 | May 23 | May 24 | May 25 | May 26 | May 27 | May 28 | May 29 | May 30 | May 31 | Jun 1 | Jun 2 | Jun 3 | Jun 4 | Jun 5 | Jun 6 | Jun 7 | Jun 8 | Jun 9 | Jun 10 | Jun 11 | Jun 12 | Jun 13 | Jun 14 | Jun 15 | Jun 16 | Jun 17 | Jun 18 | Jun 19 | Jun 20 | Jun 21 | Jun 22 | Jun 23 | Jun 24 | Jun 25 | Jun 26 | Jun 27 | Jun 28 | Jun 29 | Jun 30 | Jul 1 | Jul 2 | Jul 3 | Jul 4 | Jul 5 | Jul 6 | Jul 7 | Jul 8 | Jul 9 | Jul 10 | Jul 11 | Jul 12 | Jul 13 | Jul 14 | Jul 15 | Jul 16 | Jul 17 | Jul 18 | Jul 19 | Jul 20 | Jul 21 | Jul 22 | Jul 23 | Jul 24 | Jul 25 | Jul 26 | Jul 27 | Jul 28 | Jul 29 | Jul 30 | Jul 31 | Aug 1 | Aug 2 | Aug 3 | Aug 4 | Aug 5 | Aug 6 | Aug 7 | Aug 8 | Aug 9 | Aug 10 | Aug 11 | Aug 12 | Aug 13 | Aug 14 | Aug 15 | Aug 16 | Aug 17 | Aug 18 | Aug 19 | Aug 20 | Aug 21 | Aug 22 | Aug 23 | Aug 24 | Aug 25 | Aug 26 | Aug 27 | Aug 28 | Aug 29 | Aug 30 | Aug 31 | Sep 1 | Sep 2 | Sep 3 | Sep 4 | Sep 5 | Sep 6 | Sep 7 | Sep 8 | Sep 9 | Sep 10 | Sep 11 | Sep 12 | Sep 13 | Sep 14 | Sep 15 | Sep 16 | Sep 17 | Sep 18 | Sep 19 | Sep 20 | Sep 21 | Sep 22 | Sep 23 | Sep 24 | Sep 25 | Sep 26 | Sep 27 | Sep 28 | Sep 29 | Sep 30 | Oct 1 | Oct 2 | Oct 3 | Oct 4 | Oct 5 | Oct 6 | Oct 7 | Oct 8 | Oct 9 | Oct 10 | Oct 11 | Oct 12 | Oct 13 | Oct 14 | Oct 15 | Oct 16 | Oct 17 | Oct 18 | Oct 19 | Oct 20 | Oct 21 | Oct 22 | Oct 23 | Oct 24 | Oct 25 | Oct 26 | Oct 27 | Oct 28 | Oct 29 | Oct 30 | Oct 31 | Nov 1 | Nov 2 | Nov 3 | Nov 4 | Nov 5 | Nov 6 | Nov 7 | Nov 8 | Nov 9 | Nov 10 | Nov 11 | Nov 12 | Nov 13 | Nov 14 | Nov 15 | Nov 16 | Nov 17 | Nov 18 | Nov 19 | Nov 20 | Nov 21 | Nov 22 | Nov 23 | Nov 24 | Nov 25 | Nov 26 | Nov 27 | Nov 28 | Nov 29 | Nov 30 | Dec 1 | Dec 2 | Dec 3 | Dec 4 | Dec 5 | Dec 6 | Dec 7 | Dec 8 | Dec 9 | Dec 10 | Dec 11 | Dec 12 | Dec 13 | Dec 14 | Dec 15 | Dec 16 | Dec 17 | Dec 18 | Dec 19 | Dec 20 | Dec 21 | Dec 22 | Dec 23 | Dec 24 | Dec 25 | Dec 26 | Dec 27 | Dec 28 | Dec 29 | Dec 30 | Dec 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Jan 20 | Jan 21 | Jan 22 | Jan 23 | Jan 24 | Jan 25 | Jan 26 | Jan 27 | Jan 28 | Jan 29 | Jan 30 | Jan 31 | Feb 1 | Feb 2 | Feb 3 | Feb 4 | Feb 5 | Feb 6 | Feb 7 | Feb 8 | Feb 9 | Feb 10 | Feb 11 | Feb 12 | Feb 13 | Feb 14 | Feb 15 | Feb 16 | Feb 17 | Feb 18 | Feb 19 | Feb 20 | Feb 21 | Feb 22 | Feb 23 | Feb 24 | Feb 25 | Feb 26 | Feb 27 | Feb 28 | Feb 29 | Feb 30 | Mar 1 | Mar 2 | Mar 3 | Mar 4 | Mar 5 | Mar 6 | Mar 7 | Mar 8 | Mar 9 | Mar 10 | Mar 11 | Mar 12 | Mar 13 | Mar 14 | Mar 15 | Mar 16 | Mar 17 | Mar 18 | Mar 19 | Mar 20 | Mar 21 | Mar 22 | Mar 23 | Mar 24 | Mar 25 | Mar 26 | Mar 27 | Mar 28 | Mar 29 | Mar 30 | Mar 31 | Apr 1 | Apr 2 | Apr 3 | Apr 4 | Apr 5 | Apr 6 | Apr 7 | Apr 8 | Apr 9 | Apr 10 | Apr 11 | Apr 12 | Apr 13 | Apr 14 | Apr 15 | Apr 16 | Apr 17 | Apr 18 | Apr 19 | Apr 20 | Apr 21 | Apr 22 | Apr 23 | Apr 24 | Apr 25 | Apr 26 | Apr 27 | Apr 28 | Apr 29 | Apr 30 | May 1 | May 2 | May 3 | May 4 | May 5 | May 6 | May 7 | May 8 | May 9 | May 10 | May 11 | May 12 | May 13 | May 14 | May 15 | May 16 | May 17 | May 18 | May 19 | May 20 | May 21 | May 22 | May 23 | May 24 | May 25 | May 26 | May 27 | May 28 | May 29 | May 30 | May 31 | Jun 1 | Jun 2 | Jun 3 | Jun 4 | Jun 5 | Jun 6 | Jun 7 | Jun 8 | Jun 9 | Jun 10 | Jun 11 | Jun 12 | Jun 13 | Jun 14 | Jun 15 | Jun 16 | Jun 17 | Jun 18 | Jun 19 | Jun 20 | Jun 21 | Jun 22 | Jun 23 | Jun 24 | Jun 25 | Jun 26 | Jun 27 | Jun 28 | Jun 29 | Jun 30 | Jul 1 | Jul 2 | Jul 3 | Jul 4 | Jul 5 | Jul 6 | Jul 7 | Jul 8 | Jul 9 | Jul 10 | Jul 11 | Jul 12 | Jul 13 | Jul 14 | Jul 15 | Jul 16 | Jul 17 | Jul 18 | Jul 19 | Jul 20 | Jul 21 | Jul 22 | Jul 23 | Jul 24 | Jul 25 | Jul 26 | Jul 27 | Jul 28 | Jul 29 | Jul 30 | Jul 31 | Aug 1 | Aug 2 | Aug 3 | Aug 4 | Aug 5 | Aug 6 | Aug 7 | Aug 8 | Aug 9 | Aug 10 | Aug 11 | Aug 12 | Aug 13 | Aug 14 | Aug 15 | Aug 16 | Aug 17 | Aug 18 | Aug 19 | Aug 20 | Aug 21 | Aug 22 | Aug 23 | Aug 24 | Aug 25 | Aug 26 | Aug 27 | Aug 28 | Aug 29 | Aug 30 | Aug 31 | Sep 1 | Sep 2 | Sep 3 | Sep 4 | Sep 5 | Sep 6 | Sep 7 | Sep 8 | Sep 9 | Sep 10 | Sep 11 | Sep 12 | Sep 13 | Sep 14 | Sep 15 | Sep 16 | Sep 17 | Sep 18 | Sep 19 | Sep 20 | Sep 21 | Sep 22 | Sep 23 | Sep 24 | Sep 25 | Sep 26 | Sep 27 | Sep 28 | Sep 29 | Sep 30 | Oct 1 | Oct 2 | Oct 3 | Oct 4 | Oct 5 | Oct 6 | Oct 7 | Oct 8 | Oct 9 | Oct 10 | Oct 11 | Oct 12 | Oct 13 | Oct 14 | Oct 15 | Oct 16 | Oct 17 | Oct 18 | Oct 19 | Oct 20 | Oct 21 | Oct 22 | Oct 23 | Oct 24 | Oct 25 | Oct 26 | Oct 27 | Oct 28 | Oct 29 | Oct 30 | Oct 31 | Nov 1 | Nov 2 | Nov 3 | Nov 4 | Nov 5 | Nov 6 | Nov 7 | Nov 8 | Nov 9 | Nov 10 | Nov 11 | Nov 12 | Nov 13 | Nov 14 | Nov 15 | Nov 16 | Nov 17 | Nov 18 | Nov 19 | Nov 20 | Nov 21 | Nov 22 | Nov 23 | Nov 24 | Nov 25 | Nov 26 | Nov 27 | Nov 28 | Nov 29 | Nov 30 | Dec 1 | Dec 2 | Dec 3 | Dec 4 | Dec 5 | Dec 6 | Dec 7 | Dec 8 | Dec 9 | Dec 10 | Dec 11 | Dec 12 | Dec 13 | Dec 14 | Dec 15 | Dec 16 | Dec 17 | Dec 18 | Dec 19 | Dec 20 | Dec 21 | Dec 22 | Dec 23 | Dec 24 | Dec 25 | Dec 26 | Dec 27 | Dec 28 | Dec 29 | Dec 30 | Dec 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,536.1 | 1,550.0 | 1,549.1 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 | 1,541.5 |

Commercial rates taken towards the end of London trading. Six-month forward rate 2.43-2.45p. 12-month 4.00-4.05p.

EURO-CURRENCY INTEREST RATES

| LONG-TERM FORECAST | | | | | | | | | | | |
|---------------------|------------|--------|-----------|--------|--------|------|--|--|--|--|--|
| Jan 20 | Short term | 7 Days | One Month | Three | Six | One | | | | | |
| | months | outlet | | months | months | year | | | | | |
| US Airlines | 71 | 74 | 74 | 74 | 64 | 61 | | | | | |
| Starting | 71 | 74 | 74 | 74 | 64 | 61 | | | | | |
| Cost, Franc | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Mark | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Yen | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Pound | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Swiss | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Italian | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Japanese | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Australian | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Canadian | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, New Zealand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South African | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Hong Kong | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Singapore | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Taiwan | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Korea | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Philippines | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Thailand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Malaysia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Indonesia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Cambodia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Myanmar | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Brunei | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Timor | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, East Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Middle East | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Latin America | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Europe | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Oceania | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Australia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, New Zealand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Hong Kong | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Singapore | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Taiwan | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Korea | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Philippines | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Thailand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Malaysia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Indonesia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Cambodia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Myanmar | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Brunei | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Timor | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, East Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Middle East | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Latin America | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Europe | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Oceania | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Australia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, New Zealand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Hong Kong | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Singapore | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Taiwan | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Korea | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Philippines | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Thailand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Malaysia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Indonesia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Cambodia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Myanmar | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Brunei | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Timor | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, East Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Middle East | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Latin America | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Europe | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Oceania | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Australia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, New Zealand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Hong Kong | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Singapore | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Taiwan | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Korea | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Philippines | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Thailand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Malaysia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Indonesia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Cambodia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Myanmar | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Brunei | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Timor | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, East Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Middle East | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Latin America | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Europe | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Oceania | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Australia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Singapore | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Myanmar | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Timor | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, East Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, South Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Middle East | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Africa | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Latin America | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Europe | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Oceania | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Asia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, New Zealand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Korea | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
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| Cost, Philippines | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Thailand | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Malaysia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Indonesia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Vietnam | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Laos | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Cambodia | 63 | 63 | 63 | 63 | 61 | 59 | | | | | |
| Cost, Myanmar | 63 | 63 | 63 | 63 | 6 | | | | | | |

Long term Eurocurrency rates, years 4-4 1/2 to 5 1/2 per cent. Three-month 5 1/2 per cent. Six-month 5 1/2 per cent. One-year 5 1/2 per cent. Two-year 5 1/2 per cent. Three-year 5 1/2 per cent. Four-year 5 1/2 per cent. Five-year 5 1/2 per cent. Six-year 5 1/2 per cent. Seven-year 5 1/2 per cent. Eight-year 5 1/2 per cent. Nine-year 5 1/2 per cent. Ten-year 5 1/2 per cent. Eleven-year 5 1/2 per cent. Twelve-year 5 1/2 per cent. Thirteen-year 5 1/2 per cent. Fourteen-year 5 1/2 per cent. Fifteen-year 5 1/2 per cent. Sixteen-year 5 1/2 per cent. Seventeen-year 5 1/2 per cent. Eighteen-year 5 1/2 per cent. Nineteen-year 5 1/2 per cent. Twenty-year 5 1/2 per cent. Twenty-one-year 5 1/2 per cent. Twenty-two-year 5 1/2 per cent. Twenty-three-year 5 1/2 per cent. Twenty-four-year 5 1/2 per cent. Twenty-five-year 5 1/2 per cent. Twenty-six-year 5 1/2 per cent. Twenty-seven-year 5 1/2 per cent. Twenty-eight-year 5 1/2 per cent. Twenty-nine-year 5 1/2 per cent. Thirty-year 5 1/2 per cent. Thirty-one-year 5 1/2 per cent. Thirty-two-year 5 1/2 per cent. Thirty-three-year 5 1/2 per cent. Thirty-four-year 5 1/2 per cent. Thirty-five-year 5 1/2 per cent. Thirty-six-year 5 1/2 per cent. Thirty-seven-year 5 1/2 per cent. Thirty-eight-year 5 1/2 per cent. Thirty-nine-year 5 1/2 per cent. Forty-year 5 1/2 per cent. Forty-one-year 5 1/2 per cent. Forty-two-year 5 1/2 per cent. Forty-three-year 5 1/2 per cent. Forty-four-year 5 1/2 per cent. Forty-five-year 5 1/2 per cent. Forty-six-year 5 1/2 per cent. Forty-seven-year 5 1/2 per cent. Forty-eight-year 5 1/2 per cent. Forty-nine-year 5 1/2 per cent. Fifty-year 5 1/2 per cent. Fifty-one-year 5 1/2 per cent. Fifty-two-year 5 1/2 per cent. Fifty-three-year 5 1/2 per cent. Fifty-four-year 5 1/2 per cent. Fifty-five-year 5 1/2 per cent. Fifty-six-year 5 1/2 per cent. Fifty-seven-year 5 1/2 per cent. Fifty-eight-year 5 1/2 per cent. Fifty-nine-year 5 1/2 per cent. Sixty-year 5 1/2 per cent. Sixty-one-year 5 1/2 per cent. Sixty-two-year 5 1/2 per cent. Sixty-three-year 5 1/2 per cent. Sixty-four-year 5 1/2 per cent. Sixty-five-year 5 1/2 per cent. Sixty-six-year 5 1/2 per cent. Sixty-seven-year 5 1/2 per cent. Sixty-eight-year 5 1/2 per cent. Sixty-nine-year 5 1/2 per cent. Seventy-year 5 1/2 per cent. Seventy-one-year 5 1/2 per cent. Seventy-two-year 5 1/2 per cent. Seventy-three-year 5 1/2 per cent. Seventy-four-year 5 1/2 per cent. Seventy-five-year 5 1/2 per cent. Seventy-six-year 5 1/2 per cent

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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With the country's economic reforms continuing apace, on the 15th April, 1993, the Financial Times will be publishing a major new survey on Egypt.

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FT SURVEYS

Continued on page 10

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3 pm January 20

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3 pm January 21

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**INTERNATIONAL
TAXATION**

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FT SURVEYS

FINANCIAL TIMES

Perrier battle ends with something for everyone

US markets steady after inauguration

Wall Street

US stock prices moved in a narrow trading range yesterday morning, with blue chip issues holding their ground and secondary stocks posting modest gains, writes Patrick Horserson in New York.

At 1 pm, the Dow Jones Industrial Average was up 2.17 at 3,258.16. The more broadly based Standard & Poor's 500 was 0.66 firmer at 435.79, while the Amex composite was up 1.60 at 408.44, and the Nasdaq composite 1.76 higher at 698.57. Trading volume on the NYSE was 185m shares by 1 pm, and rises outnumbered declines by 895 to 776.

There were no new economic statistics released yesterday, which meant that the market's attention was primarily focused on the inauguration of President Bill Clinton.

Some analysts had been nervous that the market might react negatively if the new president referred to substantial economic stimuli in his speech; but, in the event, Mr Clinton avoided specific references to economic policy and the speech passed with no significant reaction from investors.

The news that the Iraqi government had made conciliatory offers to the incoming administration aided market sentiment, primarily because it led to a drop in crude oil prices on world commodity markets.

Drug stocks, which have languished lately, were in strong demand. US Surgical was the highlight, rising 5 1/2% to \$74.4 in volume of 1m shares as investors reacted positively to the news, released late on Tuesday, that the company earned a profit of 64 cents a share in the fourth quarter, up from 48 cents a share a year ago.

Also notably firmer were Merck, up 1 1/2% at \$41.1, Pfizer, 3 1/2% higher at \$63.3, Schering-Plough, up 1 1/2% at \$58, and

Johnson & Johnson, up 3/4% at \$46.

Tenneco fell 1 1/2% to \$40.1 in busy trading on the news that Mr Michael Walsh, the conglomerate's chairman and chief executive, has been diagnosed as having a brain tumour. Mr Walsh said that he would continue to work while being treated with radiation and chemotherapy.

Among computer stocks, Unisys climbed 3/4% to \$123.4 after the company unveiled fourth quarter income before extraordinary items of \$101.2m, up sharply from the \$80.5m reported in the same stage of 1991. Also firmer was Digital Equipment, up 1 1/2% at \$41.1. IBM, however, remained under selling pressure following the announcement on Tuesday of a record annual loss, and fell another 3/4% to \$47.

AMR, parent group of American Airlines, fell 3/4% to \$67.4 after announcing a fourth quarter net loss of \$200m, an indication that US carriers continue to struggle in a highly competitive domestic market.

On the Nasdaq market, National Community Banks jumped 3/4% to \$42 on the news that the company has entered into talks with an unidentified prospective buyer.

Canada

TORONTO was mixed in featureless trading which took the 300-stock composite index up 2.58 to 3,290.66 at 1 pm on volume of 57.1m shares.

Trading in Royal Trustco was halted after announcing it is seeking an alliance with another financial institution.

SOUTH AFRICA

SHARES prices fell back with the overall index closing down 22 at 3,360 as De Beers and Anglo both shed 1% to R65.75 and R93.50 respectively. The industrial index fell 19 to 4,521 and the gold index slipped 6 to 771.

ASIA PACIFIC

Nikkei average declines on profit-taking

Tokyo

THE NIKKEI average fell for the first time in three trading days on profit-taking by dealers and liquidation of specified money trusts by corporate investors, writes Emiko Terazono in Tokyo.

The 225-stock average fell 28.46 to 18,510.18, losing over 130 points in the last hour of trading. The index slid from the day's high of 18,941.78 in early trading on a weaker futures market, hitting a low of 18,507.37 just before the close.

Volume totaled 200m shares against 202m with declines outnumbering advances by 568 to 327 with 206 issues unchanged. The Topix Index of all first section stocks fell 9.99 to 1,266.08 and in London the ISE/Nikkei 50 index rose 0.46 to 1,033.38.

Investors ignored calls for an urgent need for a discount rate cut by Mr Hiroshi Mitsuoka, a leading member of the ruling Liberal Democratic Party. Policy makers and financial authorities have become increasingly nervous about

possible turmoil in the market ahead of the March year-end book closing.

Dealers sold shares bought on short-term trading. Isuzu Motors, the day's most active issue, lost all of its morning gains, falling Y10 to Y348. A recent upgrading by Nomura Research Institute encouraged active trading, but profit-taking later set in. Minebea, the ball-bearing company, fell Y5 to Y468 in spite of reports of an earnings recovery forecast due to an increase in demand for ball-bearings.

Japan Airlines fell Y13 to Y571 after announcing that it will suspend its dividend payment for the year to March for the first time in six years. JAL saw a sharp decline in passenger on international lines and projects a net loss of Y40bn.

In Osaka, the OSE average fell 40.72 to 18,102.79 in volume of 42.6m shares.

Roundup

Some bright spots emerged among the regional markets. AUSTRALIA closed higher

Currency policies affect European turnover

Italy and Spain put in good second half performances writes William Cochrane, reviewing 1992 trading

In a pattern which begins with optimism and ends in disappointment, European bourses seem to be getting into the habit of producing better turnover figures in the first half of a given year than they do in the second.

This was the way in 1990, and again in 1991, and the same can be said for last year in aggregate, although there were distinct variations in individual countries.

The variations, however, make up a pattern of their own. The countries which did worse in the second half of 1992 than they did in the first included Belgium, France, Germany, the Netherlands and Switzerland, all supporting hard currency policies. Those which did better were Italy, Spain and the UK, all of which devalued during the second half of last year.

Mr James Cornish, European

market strategist with NatWest Securities, which produces the figures, observes that it was a good year in 1990. UK turnover rose by 20.4 per cent over 1991 as the devaluation effect combined with the perception that the UK, like the US, was entering economic recovery earlier than the rest of Europe.

Nearly all of the rest put up useful increases: France 8.4 per cent; Germany 6.4 per cent; Italy 8.3 per cent; the Netherlands 9.5 per cent; and Switzerland 6 per cent; with only Spain of the eight countries covered showing a decline, of 7 per cent.

Occasionally, some countries had an exciting time. France enjoyed itself, in stock market turnover terms, in June, September and December.

Mr James Cornish, European

EUROPEAN TURNOVER FIGURES

| Source | Jan '92 | Feb '92 | Mar '92 | Apr '92 | May '92 | Jun '92 | Jul '92 | Aug '92 | Sep '92 | Oct '92 | Nov '92 | Dec '92 |
|--------------------|---------|---------|---------|---------|---------|---------|----------|---------|----------|----------|----------|----------|
| Belgium SFR bn | 55.9 | 46.7 | 48.3 | 51.4 | 40.8 | 40.8 | 34.8 | 41.4 | 42.8 | 47.6 | 43.9 | 43.4 |
| France FRF bn | 141.2 | 116.2 | 109.0 | 112.2 | 100.1 | 154.3 | 105.1 | 84.5 | 134.3 | 108.1 | 82.4 | 120.7 |
| Germany DM bn | 134.2 | 128.2 | 107.9 | 106.8 | 110.0 | 121.5 | 101.7 | 109.2 | 109.2 | 98.9 | 92.2 | 82.9 |
| Italy Lira | 9,055.2 | 8,948.8 | 5,944.8 | 7,457.2 | 9,747.6 | 8,594.8 | 11,975.6 | 6,039.9 | 10,803.0 | 17,122.0 | 24,248.8 | 14,210.7 |
| Netherlands F bn | 15.1 | 14.1 | 11.6 | 12.2 | 14.7 | 12.0 | 13.1 | 3.8 | 14.4 | 14.0 | 11.7 | 12.5 |
| Spain Ptas bn | 637.3 | 887.8 | 507.3 | 461.5 | 513.5 | 515.4 | 538.5 | 317.5 | 578.8 | 687.7 | 619.3 | 790.0 |
| Switzerland SFR bn | 13.2 | 10.9 | 11.9 | 12.5 | 13.3 | 12.5 | 10.9 | 9.0 | 13.4 | 11.8 | 11.5 | 13.1 |
| UK £ bn | 38.4 | 29.9 | 32.9 | 41.1 | 35.4 | 34.1 | 34.3 | 26.7 | 45.3 | 38.8 | 39.6 | 39.1 |

Volumes represent purchases and sales. Swiss data estimated; Italian data adjusted to include off-market trading. Source: County NatWest WoodMac. Some figures may be revised.

Mitterrand's decision to call an autumn referendum on the same subject.

● In September, along with most of Europe, on the partial collapse of the European Exchange Rate Mechanism, following a fall in the dollar at the beginning of the month, the thin 'Yes' majority in the French referendum and resulting devaluations and currency floats.

● and, last month, as devaluation speculation against the franc combined with renewed criticism of the French economy and the Paris equity market.

Germany had already had a stab at reflecting a decaying growth rate in the second half of 1991. Last year, it cranked itself up in January on hopes of interest rate cuts; but as those hopes effectively

fixed interest stocks rising from DM5.5bn in the first quarter of 1992, through DM8.1bn in the second and DM17.8bn in the third, to DM28.9bn in October/December.

Italy positively mushroomed in October and November, as the devaluation effect combined with excitement stirred up by the privatisation prospect for a number of government-controlled companies.

Spain, with another strong final quarter performance, combined a small devaluation with a strong post-devaluation performance in the currency markets.

Switzerland, finally, was the Continental performance market of the year, as long term economic improvement weighed in the scales with its reputation as a safe haven - and its capacity to reflect this as an equity market with a preponderance of defensive stocks.

EUROPE

Paris lower on 5 per cent fall in Lyonnaise-Dumez

BOURSES saw mixed performances yesterday.

PARIS featured Lyonnaise-Dumez which was suspended after the shares had fallen more than 5 per cent, down FF25.30 at FF435.50, before forecasting disappointing 1992 earnings. The group, which was meeting analysts last night, also said that it would be setting aside large provisions.

The CAC-40 index closed 18.90 lower at 1,818.82 in good turnover of FF43.1bn.

Sanofi and YSL, which both resumed trading having been suspended since Monday, rose 1 1/2% to FF117.10 and 10.7 per cent to FF970 while YSL rose FF113.00 or 21 per cent to FF763.

Saint-Gobain declined FF12 to FF449 ahead of its 1992 earnings report.

FRANKFURT pondered the Bonn government's tax proposals, including the resumption and doubling of the solidarity tax surcharge, as well as a

DM10bn increase in the forecast German budget deficit for 1993. It was a measure of the recent strength in equities, said dealers, that the DAX index fell only 3.95 to 1,574.88.

Turnover eased from DM6.3bn to DM6.2bn. Waning hopes of an interest rate cut from the Bundesbank today had little effect on equities, as the rumours came from the UK and were not accompanied by significant buying orders.

Individual shares were mixed. Deutsche Bank closed down DM6.80 at DM645, under pressure from a large sell order; but Hoechst extended its relative strength against BASF and Bayer to a DM3.70 gain to DM255.90.

MADRID was boosted by a cut in yields on three-month and six-month Treasury bills and the general index closed 4.50, or 2 per cent higher at 2,247.07 in heavy turnover of around Ptas28bn.

The cuts encouraged expectations of an imminent easing in Spanish interest rates and fuelled buying in interest rate-sensitive stocks. In utilities, Iberdrola II led with a gain of

FT-SE Actuaries Share Indices

| January 21 | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Hourly changes | | | | | | | | |
| FT-SE Eurotrack 100 | 1094.08 | 1094.12 | 1093.99 | 1091.91 | 1092.25 | 1091.68 | 1092.06 | 1091.84 |
| FT-SE Eurotrack 200 | 1155.18 | 1156.77 | 1155.28 | 1153.75 | 1154.37 | 1153.59 | 1153.52 | 1153.29 |
| FT-SE Eurotrack 100 | 1090.81 | 1097.15 | 1089.59 | 1076.93 | 1076.93 | 1063.02 | 1063.02 | 1063.02 |
| FT-SE Eurotrack 200 | 1155.89 | 1166.50 | 1160.32 | 1154.08 | 1154.08 | 1144.79 | 1144.79 | 1144.79 |

Base value 1000 (25/10/90). High/Low: 100 - 1094.32-1091.68; 200 - 1157.07-1153.52; 100 - 1091.68-1063.02; 200 - 1151.81-1144.79.

Pta33 to Pta625, and in banks, BNY up Pta80 to Pta2,915.

However, there were also strong gains elsewhere, across the board in construction where Uralita put on Pta83 to Pta756; and selectively, but spectacularly, in chemicals where Argonnes rose Pta55 to Pta900.

AMSTERDAM featured Wesanen and Bols after they announced merger plans, with the former losing F15.00 to F196.50 and the latter gaining F14.20 to F147.00. The CBS Tendency Index closed 0.6 higher at 98.9.

Elsewhere, publishers were mixed with Wolters Kluwer slipping 10 cents to F187.30 and

Elsevier losing 80 cents to F122.50. VNU gained F1.20 to F123.50. Philips added 20 cents to F123.50.

MILAN pulled up from early lows in steady trade. The burst of activity by small investors early in the week after a package of house-boosting measures was unveiled had mostly died down. The Comit index dipped 2.62 to 436.34.

Fiat had a mixed performance, closing down L111 at L4,378 but turning up in after-hours trading to L4,500.

Other leading shares echoed Fiat. Agro-industrial and chemical group Montedison fell L20 to L1,277 but moved up to L1,313 in late trading and

insurer Generali fell L780 to L32,430 but picked up to L33,200 in the after market.

Fondriada advanced by L855 to L28,885 and continued up to L28,964 after hours following a report, denied by the company, that it planned to sell subsidiaries to cut debt and that GAIC, the majority shareholder jointly run by Ferruzzi and Camillo De Benedetti, the Italian financier, wanted to cede control.

ZURICH ended little changed with the SMI index easing 12 to 2,662.7.

Roche certificates picked up SFR10 to SFR4,130 in active trade after Tuesday's SFR110 fall which followed a report that minute particles of asbestos had been found during analysis of two of the company's drugs.

Watchmaker SMH's registered shares fell SFR25 to SFR1,545 after Tuesday's SFR20 advance as investors gave further consideration to Volkswagen's decision to pull out of a joint venture to produce an environment-friendly city car.

Oerlikon-Buehler's bearers fell SFR5 to SFR410 as its

announcement that it will make a small group consolidated profit for 1992 after the previous year's loss came as little surprise.

BRUSSELS saw gains in blue chips lift the Bel-20 index 8.07 to 1,150.74 as Tractebel moved ahead for the second straight day with a rise of BFR130 to BFR1,130.

STOCKHOLM was disappointed that the central bank had not cut interest rates and the Affarsvarlden index lost 1.7 to 933.1 in turnover of some SKR576m.

Among the banks Handelsbanken dropped SKR1.50 to SKR40.50 while, elsewhere, Ericsson fell SKR1 to SKR185.

COPENHAGEN shares continued higher helped by a strong bond market and the prospect of political stability when a new Social Democrat administration is formed later in the week. The KFX index closed 0.61 higher at 81.77.

VIENNA featured a Sch35 rise in Austrian Airlines to Sch1,490 adding to its gains on Tuesday while the ATX index rose 0.46 to 731.1.

THE EUROPEAN WATER INDUSTRY

London, 15 & 16 March 1993

The Financial Times fourth conference on the water industry will examine the ever-tougher yardsticks set by the European Community and its member states, the cost of up-grading water quality and moving to new methods of waste disposal. Opportunities and challenges for companies seeking fresh markets in Eastern and Central Europe will also be assessed.

Speakers taking part include:

- Mr David Maclean MP**
Minister for the Environment and Countryside
- The Rt Hon The Lord Crickhowell PC**
National Rivers Authority
- Mr Tom Garvey**
EEC
- Miss Janet Langdon**
The Water Services Association of England and Wales
- Dr Jürgen Müller**
Deutsches Institut für Wirtschaftsforschung
- Dr Leszek Baginski**
Polish Ministry of the Environmental Protection, Natural Resources and Forestry
- Mr Ian Byatt**
Office of Water Services
- Mr Jean-François Didion**
Lyonnaise des Eaux Dumez
- Mr John Bellak**
European Waste Water Group
Severn Trent Plc
- Professor George Fleming**
Strathclyde University
- Mr Josue Tanaka**
European Bank for Reconstruction and Development
- Mr Nikolai Mikheev**
Ministry of the Environment and Natural Resources of the Russian Federation

THE EUROPEAN WATER INDUSTRY

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| REGIONAL MARKETS | TUESDAY JANUARY 19 1993 | MONDAY JANUARY 18 1993 | DOLLAR INDEX |
|--|-------------------------|-----------------------------|---|
| Figures in parentheses show number of lines of stock | | | |
| Australia (68) | 119.51 -1.2 | 114.42 64.84 100.10 118.16 | -0.7 |
| Austria (18) | 103.08 | 127.40 105.61 114.40 111.62 | +0.2 |
| Belgium (42) | 135.42 +0.9 | 129.68 107.47 113.42 110.88 | +0.5 |
| Canada (113) | 112.90 -0.1 | 108.09 89.59 94.55 104.40 | -0.1 |
| Denmark (33) | 202.28 +2.3 | 188.59 189.53 189.42 170.73 | +1.7 |
| Finland (23) | 89.98 | 112.12 92.95 88.17 89.40 | -1.9 |
| France (89) | 148.91 +0.3 | 147.00 118.17 124.71 127.31 | +0.0 |
| Germany (82) | 107.13 | 102.57 85.03 89.72 89.72 | +0.5 |
| Hong Kong (55) | 238.19 +0.1 | 228.13 197.44 197.63 234.59 | +0.1 |
| Ireland (16) | 139.47 | 133.53 110.98 116.81 119.28 | -2.5 |
| Italy (76) | 60.32 +0.8 | 57.75 47.87 50.52 68.58 | -0.1 |
| Japan (472) | 101.97 +0.9 | 97.63 80.92 85.42 80.92 | +0.8 |
| Malaysia (69) | 259.30 | 246.84 205.25 171.67 259.40 | -0.2 |
| Mexico (19) | 164.41 +0.1 | 157.91 130.01 131.47 500.20 | -0.1 |
| Netherlands (25) | 153.53 +0.1 | 147.00 121.85 126.59 126.97 | +0.3 |
| New Zealand (13) | 147.54 | 141.28 117.08 123.57 126.17 | +0.3 |
| Norway (22) | 209.88 | 201.04 166.84 176.80 180.19 | -0.4 |
| South Africa (60) | 164.48 | 147.80 122.59 129.38 162.91 | -1.2 |
| Spain (47) | 128.51 | 121.13 104.40 105.95 108.38 | -0.3 |
| Sweden (36) | 162.92 | 155.88 123.30 138.46 174.13 | +0.1 |
| Switzerland (56) | 111.09 | 105.94 88.85 93.59 102.07 | -0.9 |
| United Kingdom (226) | 170.62 | 160.36 135.39 142.89 163.36 | -0.9 |
| USA (522) | 177.95 | 170.35 141.23 148.05 177.95 | -0.3 |
| Europe (781) | 137.31 | 131.46 106.97 114.01 124.80 | -0.4 |
| Nordic (114) | 150.92 | 144.11 119.46 126.07 144.84 | +0.4 |
| Pacific Basin (715) | 107.03 | 102.48 84.85 89.55 106.72 | +0.7 |
| Europe-Pacific (1496) | 119.29 | 114.21 94.88 99.81 101.62 | +0.2 |
| North America (535) | 173.92 | 166.32 138.05 146.70 172.97 | -0.3 |
| Europe Ex. UK (559) | 117.11 | 112.12 89.58 93.59 102.07 | -0.3 |
| Europe Ex. Japan (540) | 156.70 | 150.03 124.38 131.26 146.15 | +0.0 |
| Pacific Ex. US (1887) | 120.42 | 115.30 95.58 100.87 103.50 | +0.1 |
| World Ex. UK (1963) | 135.88 | 130.08 107.83 113.90 123.03 | +0.0 |
| World Ex. US (2149) | 138.88 | 132.97 110.23 118.33 126.25 | +0.1 |
| World Ex. Japan (1737) | 169.03 | 162.84 126.70 135.72 159.29 | -0.4 |
| The World Index (2209) | 138.68 | 132.97 110.22 116.33 128.80 | -0.1 |
| | | | 2.68 138.90 132.90 110.32 118.67 128.69 130.70 147.30 |

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